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FBIS-SOV-95-137 CONTENTS *18 July 1995*

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INTERNATIONAL AFFAIRS

'Two-Timing' Seen Over Baku Oil Pipeline *[IZVESTIYA 18 Jul]* 1
Legal Expert Comments on Caspian Sea Status *[KOMMERSANT-DAILY 24 Jun]* 1
Solution to Energy, Fuel Problems Offered *[DELOVOY MIR 30 Jun]* 3

INTERREGIONAL AFFAIRS

ITAR-TASS Carries Press Review for 18 Jul 5

RUSSIA INTERNATIONAL AFFAIRS

Kozyrev Signs Temporary Trade Pact With EU 6
  Pre-Trip Interview on EU, Yeltsin *[Moscow ORT]* 6
  Kozyrev on Potential Benefits of Pact *[INTERFAX]* 6
  Comments on Escalation in Bosnia *[INTERFAX]* 7
  Kozyrev on Shumeyko Remarks *[INTERFAX]* 7
  Signs Trade Pact in Brussels *[ITAR-TASS]* 7
  More on 'Provisional' Trade Pact *[Moscow ORT]* 8
  Kozyrev, Spain's Solana Comment *[INTERFAX]* 8
  Kozyrev on UN Forces in Bosnia *[ITAR-TASS]* 9
Daily: Bosnia Conflict Becoming 'Uncontrollable' *[ROSSIYSKAYA GAZETA 18 Jul]* 9
Source Comments on London Contact Group Meeting *[INTERFAX]* 10
Foreign Minister Points to Growing Corruption *[INTERFAX]* 10
Americans' 'Sociological Espionage' Criticized *[PRAVDA 13 Jul]* 11
Joint U.S. Satellite Firm Plans Commercial Moves *[INTERFAX]* 13
U.S. Consortium To Help Reprocess Missile Fuel *[IZVESTIYA 18 Jul]* 13
FSB on West's Activities in Russian Provinces *[KRASNAYA ZVEZDA 18 Jul]* 14
Japan 'Perplexed' by Stand on Nuclear Waste *[INTERFAX]* 14
Oil-Related Cooperation Planned With Iran *[ITAR-TASS]* 14
Moscow Paper on Minsk-Tehran Arms Sales Pact *[KOMMERSANT-DAILY 18 Jul]* 15
Army Paper Quotes Grachev, South African Counterpart *[KRASNAYA ZVEZDA 18 Jul]* 16

RUSSIA NATIONAL AFFAIRS

Political Issues

Paper Cites Rumors of Yeltsin Heart Surgery *[Vienna NEUE KRONEN-ZEITUNG 18 Jul]* 17
  Condition Remains Closely Guarded *[MOSKOVSKIY KOMSOMOLETS 18 Jul]* 17
Aide: Yeltsin 'Recovering Fast,' Performing Duties *[INTERFAX]* 17
Yeltsin Issues Rulings on Adoption of Laws *[ITAR-TASS]* 17
Daily Calls Yeltsin's 'Sudden' Illness 'Diplomatic' *[SELSKAYA ZHIZN 18 Jul]* 18
Chernomyrdin Discusses Yeltsin's Health, Chechnya *[Moscow RTV]* 19
Chernomyrdin's Forthcoming Engagements Listed *[ITAR-TASS]* 25
Head Chechen Delegate: Peace Accord in 'Near Future' *[Moscow RTV]* 25
Court Hearings on Chechnya Enter 'Final Stage' *[ITAR-TASS]* 26
  Yeltsin Updated Daily on Proceedings *[INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY]* 26
MVD Chief: Future Internal Conflicts 'More Likely' *[ROSSIYSKAYA GAZETA 18 Jul]* 26
Dudayev's Moscow Representative Released From Custody *[INTERFAX]* 28
Kozyrev To Remain 'At Least Through Year's End' *[KOMSOMOLSKAYA PRAVDA 18 Jul]* 28
Popular Discontent With Power Seen Welling Up *[PRAVDA 14 Jul]* 29
PRAVDA Criticizes Acceptance of Government Line *[14 Jul]* 31
Shokhin on 'Russia Is Our Home' Platform *[RABOCHAYA TRIBUNA 15 Jul]* 32

Military Issues

Defense Ministry Orders Not Based on Yeltsin Edict *[Moscow Radio]* 38

Federal Assembly

Ilyukhin Says Security Situation in Crisis *[INTERFAX]* 38
Rybkin Interviewed on Elections, Objectives *[SOVETSKAYA SIBIR 8 Jul]* 38
Breakdown of 12 Jul Duma Vote on Impeachment *[ROSSIYSKIYE VESTI 13 Jul]* 43
Federal Assembly Chronology: May 1995 *[FBIS Media Note]* 43

Regional Affairs

Further Reportage, Comment on Chechen Talks 47
  Chechen Delegation Talks With Dudayev *[INTERFAX]* 47
  Talks To Resume in Groznyy 20 Jul *[ITAR-TASS]* 47
  Dudayev's Demonstrators Take 'Time Out' *[ITAR-TASS]* 47
  Talks Break Down: Russians Leave *[IZVESTIYA 18 Jul]* 48
  Chechen Forces Exploiting Moratorium *[ITAR-TASS]* 48
  Military Aspects on Plan Discussed *[ITAR-TASS]* 49
  Volskiy Interviewed: No Concessions *[Moscow RTV]* 49
  Outcome of Groznyy Talks Viewed *[SEGODNYA 18 Jul]* 50
  Deputy Interviewed on Budennovsk Crisis *[VECHERNIY NOVOSIBIRSK 10 Jul]* 51
Altay Tightens Security as Chechen Refugees Arrive *[ITAR-TASS]* 53
Upsurge of Drug Addiction Observed in Chechnya *[ITAR-TASS]* 53
Anti-Caucasian Feeling Mounts in Steppe Rayon *[IZVESTIYA 15 Jul]* 54
Shumeyko Censured by Tatarstan on Ardzinba Boycott *[INTERFAX]* 55
Ossetian, Ingushetian Presidents Agree to Peace *[ROSSIYSKAYA GAZETA 18 Jul]* 56
Communist Workers Party Calls for Election Unity *[PRAVDA 15 Jul]* 56
Sverdlovsk Oblast Election Campaign Begins *[SEGODNYA 5 Jul]* 57
World Bank Plans $100-Million Loan to Novosibirsk *[IZVESTIYA 18 Jul]* 57
Two Satellite Communications Stations Commissioned *[KRASNAYA ZVEZDA 15 Jul]* 57
New TV Transmitters in Nizhniy Novgorod *[ROSSIYSKAYA GAZETA 18 Jul]* 58
Safety of Kola Nuclear Power Station Questioned *[ROSSIYSKAYA GAZETA 15 Jul]* 58
'Rosugol' Examines Maritime Kray Fuel Problems *[SOVETSKAYA ROSSIYA 18 Jul]* 59
Arctic Ports Opened to Foreign Merchant Ships *[ROSSIYSKIYE VESTI 18 Jul]* 60
Orenburg Oblast Harvest Begins Early *[ROSSIYSKAYA GAZETA 18 Jul]* 60

Economic Issues

First-Half Economic Performance Assessed *[IZVESTIYA 18 Jul]* 60
Duma's Bogomolov Sees Economy as Still in 'Crisis' *[Prague RUDE PRAVO 11 Jul]* 61
Melikyan Comments on Wage Lag in Budget Sphere *[TRUD 15 Jul]* 63
Government Plans To Boost Export Production *[IZVESTIYA 15 Jul]* 64
Germany's Ruhrgas Sees Mixed Prospects for Gazprom *[IZVESTIYA 15 Jul]* 65
Number of Registered Banks Tops 2,500 *[KOMMERSANT-DAILY 14 Jul]* 66

UKRAINE

International Affairs

Concern Over Nuclear Fuel Deliveries From Russia *[INTERFAX]* 67
Kiev Invited to International Meeting on Balkans *[INTERFAX]* 67
'Trade Conflict' With U.S. Over Coats 'Avoided' *[INFOBANK]* 67
Bosnian Serbs Threaten To Kill Ukraine Peacekeepers *[INTERFAX]* 68
South African Defense Minister Meets Shmarov *[UNIAR]* 68
Chinese Delegation To Meet Top Officials, Visit Crimea *[HOLOS UKRAYINY 14 Jul]* 68
    Crimea Called Ukrainian Problem *[UNIAR]* 68
Ukraine Favors Joining Russia-Belarus Customs Union *[INTERFAX]* 69

National Affairs

Kiev Marks 5 Years Since Independence From Moscow *[INTERFAX]* 69
Socialists To Form Bloc To Oppose 'Kuchma Regime' *[UNIAR]* 69
Arrest of Crimean Republican Deputy 'Political Pressure' *[UNIAN]* 69
Crimean Supreme Council To Discuss Privatization *[INTERFAX]* 70
Official on 'Peculiar' Plan for Chernobyl Reconstruction *[ITAR-TASS]* 70
Drug-Dealing Center Near Odessa Described *[IZVESTIYA 12 Jul]* 70

Economic Issues

Parliament To Relax Import Duties on Raw Materials *[UNIAN]* 73
Official Issues Report on Economic Reform *[UNIAN]* 73
Customs Duties on Coal, Petroleum Products Introduced *[INFOBANK]* 73
Kuchma's Industrial Adviser on Management *[VREMYA 4 Jul]* 74
Kuchma's Foreign Investment Climate Praised *[INTELNEWS 17 Jul]* 75
Article Reviews Achievements in Arms Trade *[KHRESHCHATYK 7 Jul]* 78
Kuchma Decrees Duty Labels for Transit Shipments *[Kiev Radio]* 80
International Management Over Odessa Free Trade Zones *[INFOBANK]* 80

WESTERN REGION

Belarus

Joint Belarus-Iranian News Conference Held *[BELAPAN]* 81
Ukraine's President Kuchma Pays Official Visit 81
    Kuchma: Too Early for Customs Union *[UNIAN]* 81
    Friendship Treaty Signed *[Minsk Radio]* 81
Communist Leader Asserts Political Affinity With President *[Minsk TV]* 82
Plans To Develop 'National Aviation Industry' *[RABOCHAYA TRIBUNA 14 Jul]* 82
Ministry Views 'Grave Crisis' in Industry *[BELAPAN]* 82
Central Banker on Inflation, Monetary Policy *[SEM DNEY 8 Jul]* 83

Moldova

Snegur: Russians Starting To Fulfill Military Accord *[INTERFAX]* 84
Weekly Accuses Snegur of 'Lack of Courage' *[BASAPRESS]* 85
Snegur Addresses PRCM Constitution Conference *[BASAPRESS]* 85
Deputy Speaker Andronic on PRCM's 'Doctrine' *[BASAPRESS]* 85
Dniester Parties Urge Restoration of USSR *[BASAPRESS]* 86

CENTRAL ASIA

Kazakhstan

Poll Indicates Lack of Interest in New Constitution *[ITAR-TASS]* 87
Kolpakov on Constitution's Main Principles *[VESTI KAZAKHSTANA 13 Jul]* 87

Kyrgyzstan

Reportage on State Visit to Southeast Asia 91
  President Akayev Arrives *[ITAR-TASS]* 91
  Tour Itinerary Outlined *[INTERFAX]* 91

Turkmenistan

Iran Takes Three Years' Gas as Pipeline Payment *[RABOCHAYA TRIBUNA 14 Jul]* 91
Official Reacts to Russian Disturbance Reports *[INTERFAX]* 92

CAUCASUS

Azerbaijan

Nagorno-Karabakh Talks Focus on Humanitarian Issues *[ITAR-TASS]* 93
Turkey Reschedules Loan Repayments *[IZVESTIYA]* 93
Turkmenistan Resumes Natural Gas Supply *[AZERTAC]* 93
Azizov Comments on Privatization Plans *[VYSHKA 8 Jul]* 93

Georgia

More on UN Envoy's Visit To Address Abkhaz Conflict 94
  Official: Ardzinba is 'State Criminal' *[IPRINDA]* 94
  Minister: 'No Perceptible Progress' *[Tbilisi Radio]* 94
  Abkhazia Insists on Equal Rights *[ITAR-TASS]* 95
Regular Weekly Interview With Shevardnadze *[Tbilisi Radio]* 95
United Communist Party Leader Views Elections *[THE GEORGIAN TIMES 6 Jul]* 98
Detention of Kitovani, Others Reviewed *[SEGODNYA 7 Jul]* 100
Defense Minister Departs for Moscow Visit *[CONTACT INFORMATION AGENCY]* 101

BALTIC STATES

Latvia

Swedish Foreign Minister Holds News Conference *[LETA]* 102
Banking Institutions Refute 'Groundless' Rumors *[BNS]* 102
IMF Credits To Be Used for Bank's Frozen Accounts *[BNS]* 103
TPA To Run Separate List in Parliamentary Elections *[BNS]* 103

'Two-Timing' Seen Over Baku Oil Pipeline

MM1807083295 Moscow IZVESTIYA in Russian 18 Jul 95 p 1

[Report by Sergey Leskov: "Two-Timing Over Caspian Oil"]

[FBIS Translated Text] A working group which has virtually finished work on the feasibility study for transporting early [ranniy] oil across Russian territory as part of the international Caspian consortium has returned to Moscow from Baku. Sensational statements were made at the time by the leaders of Turkey and Azerbaijan to the effect that there could be no option for transporting the oil apart from going across Turkey.

Vladimir Kostyunin, Russian first deputy minister of fuel and energy, said that the ministry does not have a single official document confirm a revision of the previously adopted agreements — which say nothing about Turkey. The work is continuing without any panic. The Russian option does have its difficulties, since the Baku-Groznyy pipeline was planned for the "opposite" direction. But the task of reversing the oil flow into the USSR was successfully resolved.

The alternative Georgian option is far more vulnerable. The Baku-Samgori-Batumi pipeline is in a lamentable state and is not suitable for use. Even in its best years its throughput capacity did not meet the requirements of this project. It would be impossible to pump these quantities of oil to Batumi.

The economic effectiveness of exporting early oil is a fundamental question on which loans to the consortium depend. But there is currently no pipeline from Georgia to Turkey. Building the Baku-Tbilisi-Seykhan [name as transliterated] (a Turkish port with major terminals) stretch will cost at least $1 billion.

Clearly, these are the considerations that allow Valeriy Chernyayev, president of "Transneft," to respond to the Baku statements with Olympian calm: "I am sure that these are rumors and fabrications." Incidentally, certain experts are not ruling out the possibility that some clever two-timing is going on behind the back of a Moscow that has utter faith in its trump cards. Turkey may incur huge amounts of expenditure on the pipeline so as to ensure that in the future it also carries Kazakhstani oil from the very rich Tengiz Field, which, as things stand, would currently have to go via Russia. And Baku could forget about its promises for the sake of loans.

Legal Expert Comments on Caspian Sea Status

954F2742A Moscow KOMMERSANT-DAILY in Russian 24 Jun 95 p 4

[Article by Professor Anatoliy Kolodkin, president of the Russian International Law Association: "The Caspian Sea Is Almost the Same Thing as Lake Titikaka"]

[FBIS Translated Text] The greater the investment activities around the Caspian Sea and its oil and gas reserves, the more glaringly they clash with the incontrovertible fact that the Caspian's legal status still has not been defined in international law. If we add to this the fact that this region is considered by many experts to be one of the most promising from the standpoint of fuel reserves for the next quarter-century, it becomes clear how potentially explosive is the current legal verbal fencing between various countries' diplomats. In principle, if we treat literally the international agreement formally in force, Iran has the right to send police cutters to deep-sea oil fields the international Caspian consortium intends to develop. With all the attendant consequences. Professor Anatoliy Kolodkin, president of the Russian International Law Association, describes in detail the legal side of the problem:

What do we associate with the word "Caspian"? A dangerous ecological situation, 90 percent of the world's sturgeon population, commotion around oil extraction, and unilateral attempts to extend sovereignty over the entire region of this body of water. All this increases tension in the relations between Caspian-adjacent states. Strange as it may be, one of the sources of this are interstate documents, signed, as they usually are, with the best of intentions.

The agreement between the Governments of Russia and Azerbaijan dated 20 November 1993 "On Cooperation in the Area of Prospecting and Development of Oil and Gas Deposits on the Territory of the Azerbaijan Republic" mentions the "Azerbaijani sector of the Caspian Sea." Implying that this sector is part of Azerbaijani territory.

Such wording signifies an attempt to cut the Caspian into sectors under the jurisdiction of Caspian-adjacent countries, but in essence it means the appropriation of entire regions of it and their resources.

The crux of the problem of the Caspian's legal status, however, is that it does not constitute—either as a whole or in parts—the territory of any Caspian-adjacent state, and therefore does not fall under anyone's sovereignty and is open to use by all these states. In other words, the Caspian is the object of common use by Caspian-adjacent states.

The Caspian Sea's status was defined most clearly in letters exchanged by the USSR and Iranian ministers of foreign affairs at the signing of the Treaty on Trade and Navigation, dated 25 March 1940. At the time the sides considered the Caspian a "Soviet and Iranian sea." No agreements were signed at the time on its division. There are no international documents on the subject. Therefore, the activities of all Caspian states with respect to using the Caspian aquatic area and resources must be defined solely through signing corresponding agreements (treaties, conventions).

The Azerbaijani MFA [Ministry of Foreign Affairs] in a note to the Russian MFA in 1994 in connection with the seizure of the Russian fishing vessel Bolshakovo (it was doing commercial fishing in the Caspian outside the Azerbaijani 10-mile zone) emphasized that such actions are unlawful, since they constitute a violation of the Caspian Sea's legal regime currently in effect. However, mentioning the Caspian's "Azerbaijani sector" is in direct conflict with its current legal status and regime.

Former Soviet republics are obligated to observe the provisions of treaties signed by the USSR; this is envisaged both by the Protocol on the Treaty on the Creation of the CIS, and the Almaty Declaration of 1991, which were signed by all CIS members, including Russia, Azerbaijan, Kazakhstan, and Turkmenistan.

Such categories as "inland waters," "territorial sea," "open sea," and "exclusive economic zone" were never applied to the Caspian Sea. Moreover, constant mention of the words "continental shelf" in connection with the Caspian is inherently incorrect, since these words are applicable only to those sea regions where "territorial waters" exist, since continental shelf in the international law sense begins with the external border of these waters, while there have never been territorial waters in the Caspian. Hence, we can speak merely of the bottom of the Caspian Sea.

Unfortunately, Azerbaijan in 1991 and Turkmenistan in 1993 adopted laws on state borders which establish a "territorial sea." Turkmenistan set the width of this area at 12 nautical miles. The laws of these countries also establish "inland waters," and mention a "maritime economic zone." In December 1993 Azerbaijan even distributed a draft convention on the status of the Caspian, proposing to divide this body of water into sectors, which would mean imposing a permit regime for the passage of even transport vessels. This is especially unacceptable for Russia and Kazakhstan, considering their desire to develop maritime trade. The position of Russia and Iran quite reasonably resists such efforts. In 1993 Iran distributed a draft treaty of regional cooperation in the Caspian, based on the need to jointly utilize the Caspian on the basis of cooperation between all Caspian states instead of unilaterally.

Foreign practice in the area of the legal status and utilization regime of water reservoirs similar to the Caspian clearly testifies to the absence of unilateral actions on the part of shore states and the dominance of the concept of common use. There are treaties that even stipulate that such lakes are "in common possession and use by shore states"—for instance, the treaty between Peru and Bolivia on the use of Lake Titikaka. An essentially analogous situation was formalized in the treaty between the FRG, Switzerland, and Austria regarding Lake Boden (Constance). That Lake Chad is in joint use and activities across all its expanse are free is codified in a convention signed in 1964 between Cameroon, Nigeria, Niger, and Chad. The same regime was set by Uganda, Kenya, and Tanzania on Lake Victoria, and by Brazil and Uruguay—regarding Lake Mirim.

Although such lakes are divided between shore countries, none envisage unilateral appropriation of delineated areas or extending sovereignty over them—they are in common use: Lake Geneva (France and Switzerland), the Great Lakes Superior, Huron, Ontario, Erie, and Michigan (Canada and the United States). Free space is preserved everywhere.

Moreover, the delineation already carried out has demonstrated the need to create appropriate mechanisms to make cooperation work. Because border or international lakes need environmental protection even more than open sea, since, lacking a flow of running water, they cannot rid themselves of pollution in a natural way. Therefore, this requires more joint efforts by the states. It is not accidental that the Great Lakes cleanup was carried out in keeping with the U.S.-Canadian convention of 1972 on the quality of water of these lakes.

Thus, with respect to the Caspian too, it is expedient to follow the practice established over many years, rather than returning to medieval times, when a monarch extended sovereignty from dry land to bodies of water.

The USSR owned platforms and oil rigs in the Caspian. There are bilateral agreements between Russia, on one side, and Azerbaijan and Turkmenistan, on the other, whereby these countries renounce their rights to them in favor of Russia.

Solution to Energy, Fuel Problems Offered

954F2778A Moscow DELOVOY MIR in Russian 30 Jun 95 p 4

[Article by DELOVOY MIR correspondent Anatoliy Maksimov under the rubric "CIS: Kyrgyzstan": "There Will Be Gasoline If Our Neighbor Comes to the Rescue...."]

[FBIS Translated Text] Kyrgyzstan is not poor in energy resources. The mountain streams of Naryn, Kara-cy, Tapas, and other rivers that are part of the Syrdarya basin system are rich in hydroenergy. And the Alameda GES [hydroelectric power station] cascade, the Uchkurgan, Toktogul, and other power stations until recently produced power not only for the country's own consumption, but also for neighboring oblasts in Uzbekistan, Kazakhstan, and Tajikistan.

In addition, Kyrgyzstan has decent reserves of coal in Kyzil-Kiya, located near the oblast center-city. And in the southwestern part of the Fergana Valley, which borders on Uzbekistan, there are oil fields, where gas and condensate also are produced. In times past, local energy resources, supplemented by deliveries of petroleum products and "blue" fuel from Russia, Azerbaijan, Kazakhstan, and Turkmenistan, were sufficient for the needs on industry and agriculture. But after the Union republics "took off" into national "governorships," "velayats," and "usuls," Kyrgyzstan, like some other CIS countries, began to experience perhaps not an energy crisis but certainly severe enough difficulties with gasoline and other fuels and lubricants cracked from oil and gas condensate....

Can the situation be corrected? Yes, decided Bishkek entrepreneurs, if we turn to foreign technologies and find a can-do, knowledgeable partner to organize our own production for refining gas condensate into light petroleum products. The initiators of this undertaking did not engage in lengthy debates, but the project development took two years. And now the latest news: The final installation and start-up work has been completed at the mini-plant for processing gas condensate into gasoline and other fuel and lubricants—the only one in the republic. Its home is the Orlovka settlement in Keminskiy Rayon, Chuya Valley. The enterprise utilizes American technology and is designed to produce up to 70 tonnes of gasoline, diesel fuel, and liquefied gas a day. In status the mini-plant is the Kyrgyz-German joint venture [SP] Neftegaz.

"Our SP's task is simple—to patch up to a certain extent the emerging energy hole," says its general director, Gennadiy Chernov. "The technology was made available to us by the Delaware company ALRV, well known in the United States. The convenience of it is that you do not have to build large production facilities. Drill a well and put a small plant there. This is a promising business, because in addition to Fergana, oil and gas condensate deposits have been discovered in the Alay and Tapas valleys.

"At this point, however, industrial development of known deposits is too costly for a country with an economy in transition. Initially, we counted on CIS raw materials markets, first of all in the Russian Federation. By the way, calculations on the mini-plant project were done in the Russian Institute of Organic Synthesis. The German company Azelborn took the financial part upon itself. The enterprise itself we built with our own resources, although for some things we placed orders at Russian defense plants. In the end of April the plant was completely ready for operation in three shifts, with a service personnel of 12. But then unexpected circumstances arose...."

The optimistic notes in Gennadiy Chernov's narrative changed to alarmed ones, inviting pondering: What to do; will SP Neftegaz be able to produce gasoline in the near future? The answer to the puzzle was simple: The entrepreneurial structure discovered difficulties in the supply of raw materials. Most wells in Fergana Valley had been in exploitation for 15-20 years, and their yield is limited; to drill new ones in other valleys, however, would take time and serious money. At first the SP founders set their sights on Surgut. But higher rail freight rates multiplied by great distances in bringing the needed material from Siberia would mean huge additional expenses and higher final product price. The new SP could become bankrupt in a matter of months, with no demand for their product.

"Nevertheless, I think we will have gasoline, if we get a helping hand from our neighbor, with whom our country traditionally shared electric power from Kyrgyz electric power stations, and it delivers coal from Kyzil-Kiya to Fergana, Andizhan, Namangan, and Syrdarya Oblasts," believes Gennadiy Chernov. "Needless to say, Uzbekistan is the CIS leading 'gas power;' it has enormous reserves of gas condensate with excellent physical-chemical properties. There is hope that the question of raw material supplies will be resolved in the nearest future. Our negotiations with the management of the Uzbekistani National Oil Company and the appeal to the neighboring republic's Ministry of Foreign Economic Relations bore fruit. A draft 'framework' agreement has been prepared on the delivery of 20,000 tonnes of condensate a year to our Neftegaz from Uzbekistan."

Any cooperation, especially in market conditions, is unthinkable without mutual benefit. In doing business, the Kyrgyz-German enterprise undertook certain obligations and guarantees. In addition to financial obligations of timely payments for raw material delivered, the management of the Orlovka SP, upon the concurrence of the ALRV company, will share with its neighbors the American technology used in building their mini-plant. And if necessary, will send their specialists to assist in setting up production of light petroleum products at a similar enterprise in Uzbekistan if they decide over there to turn to the experience of the Kyrgyz businessmen.

The republic government and the Chuya Oblast administration, where territorially the first "swallow" of private cracking of gasoline and diesel fuel from gaseous hydrocarbons is located, apparently are fully aware what a "mother lode" Bishkek entrepreneurs have found. In the opinion of Republic of Kyrgyzstan Prime Minister A. Dzhumagulov, who visited the plant in Orlovka, considering that this SP is capable of meeting one-quarter of Bishkek's needs for fuel and lubricants, the republic should have for starters at least 10 such plants.

Then gasoline would begin to flow like spring high water from Pamir-Altay spurs, not only from the Chuya Valley, but also from other regions of this mountainous country. Except that there are concerns regarding another potential problem. In January of this year the republic introduced an excise tax on fuel and lubricants imports and their production. Gennadiy Chernov, director of the aforementioned SP Neftegaz, is concerned that a 25 percent surcharge may negatively affect the mini-plant's operations. And not only that: It will scare off other pioneers of the new business. Why start an enterprise knowing in advance that you will be strangled by taxes?

The homegrown businessmen and their companions in the near and far abroad have well-founded advice these days for the recently elected members of the republic's supreme body—Zhogorku Kenesh. If the republic has an acute need for gasoline, diesel fuel, and fuel and lubricants, do not waste time praising from the rostrum the people who undertake the construction of mini-plants such as Neftegaz. They would benefit much more from concrete help, reinforced by the letter of the law and a most-favored regime. And not only at home, in Kyrgyzstan, but also within the framework of the new potential of increased integration between Central Asian states and the entire Commonwealth of Independent States.

ITAR-TASS Carries Press Review for 18 Jul

LD1807063095 Moscow ITAR-TASS in English 0604 GMT 18 Jul 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW July 18 (ITAR-TASS) — IZVESTIYA on the TV Puppet show.

Although there is little information on criminal proceedings, instituted by the Office of the Prosecutor-General against the Puppet Show, nevertheless it could be expected sooner or later that the nerves of someone from among the "characters" of the popular Puppet show would fail him under the effect of a dose of satire. The July 8 Puppet show, the writer of an article to this effect believes, was neither more biting nor sharper than the rest of them.

PRAVDA quotes Viktor Shenderovich, the author of the Puppet show, as saying that "the institution of proceedings against the Puppet Show is either the consequence of someone's desire to close down the NTV channel altogether or the outcome of AN initiative of individual attorneys who seek to ingratiate themselves with their superiors."

ROSSIYSKAYA GAZETA frontpages an article about Constitutional Court hearings on the constitutionality of the Presidential decrees and Government resolutions on Chechnya. The writer of the article quotes remarks on the issue by representatives of the Presidential and government staff as well as the leader of the Russian delegation at the peace talks in Groznyy.

ROSSIYSKAYA GAZETA carries an interview with Colonel-General Anatoly Kulikov, the newly-appointed Russian Minister of the Interior. The interview deals with matters concerning cooperation between the Russian armed forces and Interior-Ministry troops during the Chechnya conflict.

Kulikov believes that "we are not, unfortunately, insured against similar internal conflicts in the future." Neither did he rule out "the possibility of armed clashes with an outside foe."

KRASNAYA ZVEZDA runs an article by Colonel-General Dmitry Volkogonov, a prominent historian, whose opinion is that "the combat operations in Chechnya have undoubtedly complicated the entire reform process in Russia. The recent conflict between the legislative and executive branches of power is an added proof of that. The most regrettable thing is that many forces both from the Right and Left quite often make use of Chechnya events for their narrow political ends."

SOVETSKAYA ROSSIA on the adoption of a Land Code by the State Duma despite contradictions that arose during the discussion.

The previous Code contained a number of provisions that were revolutionary for their time. However, those symbolical steps did not suit the radical proportion of society and its political vanguard.

KOMSOMOLSKAYA PRAVDA on the birth of more than 100 babies with arm and leg defects in Moscow.

Similar things did happen in other countries but the cause of that was quickly found. In one case, the mothers of babies took tranquiliser pills, produced by a pharmaceutical firm, during pregnancy. That was a kind of pharmaceutical 'Chernobyl' which revealed how unpredictable and dangerous an intrusion of chemistry into the living organism is.

RABOCHAYA TRIBUNA runs an article about the sale of Ukrainian newborn abroad.

TRUD on preparations for Russian Prime Minister Viktor Chernomyrdin's visit to Tyumen Region. Russian television and the newspaper arranged a Moscow-Tyumen TV bridge in which the Premier and Tyumen region journalists took part.

Kozyrev Signs Temporary Trade Pact With EU

Pre-Trip Interview on EU, Yeltsin

LD1707165295 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 17 Jul 95

[From the "Novosti" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Before his departure from Moscow to the signing ceremony in Brussels today, Andrey Kozyrev gave an extensive interview to journalists. He confirmed that Yeltsin's health is improving. Here with a report about the interview is our correspondent Andrey Murtazin. [Video shows Kozyrev approaching a group of journalists, apparently in an airport lounge]

[Unidentified correspondent] "Andrey Vladimirovich, the sign of equality...

[Kozyrev, interrupting] "This is not a puppet, it is I myself" [reference to scandal over the puppets satirical show on Moscow NTV].

[Murtazin] That was how Andrey Kozyrev greeted newsmen before his departure for Brussels. On a serious note, it is now, with the end of wide-scale hostilities in Chechnya, that is has become possible to sign a temporary trade agreement with the European Union. The foreign minister believes that Moscow has to continue dialogue in Groznyy.

[Kozyrev] "I believe the process should develop on two tracks, as it were. The first is, of course, creating the right conditions for the elections, for reconciliation in Chechnya; the second is ensuring unity and territorial integrity of the Russian Federation. I do not believe there is any contradiction here. Here we have the empathy of the whole world."

[Murtazin] The temporary agreement on trade with the European Union, which Andrey Kozyrev will sign in Brussels today, is to create more favorable conditions for the Russian economy on the world markets. But Moscow regards this agreement only as an interim stage.

[Kozyrev] "For the time being it is all right, but what we need to move toward is a permanent agreement, which has to be ratified."

[Murtazin] Turning to the situation in former Yugoslavia, the minister said Russia was against the Western states' intervention by force in the Yugoslav conflict and believed that the Contact Group and the Security Council had not yet exhausted all their peace potential. The minister indicated that, in addition to the agreement with the EU, his briefcase also contains new peace initiatives on Bosnian settlement. [video shows Kozyrev speaking to newsmen]

Kozyrev on Potential Benefits of Pact

LD1707180895 Moscow INTERFAX in English 1730 GMT 17 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, July 17 (INTERFAX) — Russian Foreign Minister Andrey Kozyrev said he believes that Russia might have profits worth "billions of dollars" if it signs an interim trade agreement with the European Union.

Kozyrev told journalists today before leaving Moscow for Brussels, where he will sign the agreement, that "the enacting of this document will create favorable external conditions for the Russian economy, as far as access to foreign markets is concerned, and for attracting foreign investments into Russia."

Kozyrev said the implementation of the interim agreement would also let Moscow raise the issue of making further moves for developing relations with the European Union.

"First of all, ratification of the agreement on partnership and cooperation between Russia and the European Union signed by President Boris Yeltsin on the island of Corfu in 1994 should be speeded up. An interim agreement sounds good but we should be moving towards a permanent agreement and should ratify it," Kozyrev said.

He also said contracts between various industries regarding specific kinds of goods and services should be concluded without delay. "It's very important for removing all the remaining obstacles," Kozyrev added.

Kozyrev said Russia was still concerned about the anti-dumping procedures. "This is a political rather than an economic problem. Our partners should display political decisiveness here. They say they sympathize with our reforms and they are interested in a unified Europe and fair terms for foreign trade. All these words must be backed up with concrete decisions," Kozyrev said.

Kozyrev said he hoped that the agreement's signing would put an end to the pause in relations between Russia and the European Union caused by the developments in Chechnya. He said the practice of "delays for political reasons" was unsupported.

He said he believed that the freezing of the interim agreement between Russia and the European Union and the persistence of Western countries pushing Moscow towards joining the NATO program for military and political cooperation ran counter to each other. Kozyrev said if Western countries were so much concerned over the events in Chechnya this concern should manifest itself in the political area, i.e. through NATO rather than through the European Union.

Comments on Escalation in Bosnia

LD1707180695 Moscow INTERFAX in English 1730 GMT 17 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspnodents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, July 17 (INTERFAX) — Russia's Foreign Minister Andrey Kozyrev stated that all proposals on settling the Bosnian conflict "must not be motivated by emotions alone, and must fit into the framework of a political settlement." He made this statement whilst commenting in an INTERFAX interview on the French initiative to present an ultimatum to the Bosnian Serbs, who have seized Srebrenica, a U.N.-declared safe area.

Kozyrev said he opposed "the escalation of combat operations and military build-up in the zone of the Bosnian conflict, whatever the motives for doing so may be."

"The militant spirit abounds in Bosnia. Uncalculated external military steps will only lead to an escalation of the conflict," he said.

He said he is convinced that "the contact group, the U.N. security Council and the world community have not yet tapped the reserve of political moves in Bosnia."

"The impression that all political options have been exhausted, and that either the peacekeepers must be removed from Bosnia or force used, which some of Russia's colleagues (in the contact group) have, is erroneous," he went on to say.

He announced that Russia is using both official and unofficial diplomacy to settle the Bosnian crisis. As an example he referred to the recent repeat visit to Pale of Russia's Ambassador to Brussels and the Russian president's former special envoy in charge of settling the situation in former Yugoslavia Vitaliy Churkin. He also said that on Monday evening he met with Britain's newly-appointed Foreign Secretary Malcolm Rifkind in Brussels to discuss Prime Minister John Major's initiative to convene a meeting of the foreign ministers of the contact groups' member-states in London on July 21. The contact group includes Russia, Britain, France, Germany and the U.S.

"After the Brussels talks, we shall be able to determine our attitude to Major's proposal," said Kozyrev.

Kozyrev on Shumeyko Remarks

LD1707135695 Moscow INTERFAX in English 1301 GMT 17 Jul 95

[FBIS Transcribed Text] MOSCOW, July 17 (INTERFAX) — Russia's Foreign Minister Andrey Kozyrev has described as "civil" the position of Federation Council Chairman Vladimir Shumeyko who recently put the equals sign between the Chechen and Abkhaz leaders, Dzhokhar Dudayev and Vladislav Ardzinba. Kozyrev made this statement answering an Interfax question before he left Moscow for Brussels Monday to sign a provisional trade agreement with the E.U.

"Shumeyko's position is close and comprehensible to me," he emphasized.

During his trip to the Caucasus, Shumeyko had called for the "total isolation" of Abkhaz leader Vladislav Ardzinba.

Signs Trade Pact in Brussels

LD1707180595 Moscow ITAR-TASS in English 1753 GMT 17 Jul 95

[By Dmitriy Gorokhov and Aleksandr Mineyev]

[FBIS Transcribed Text] BRUSSELS, July 17 (ITAR-TASS) — At the end of a six-month pause in relations, the European Union and Russia signed a temporary trade pact on Monday.

The deal instantly puts into effect trade and economic articles of a broader agreement on partnership and cooperation between Russian and the European Union signed by President Boris Yeltsin during the 1994 European summit on the Greek island of Corfu.

Russian Foreign Minister Andrey Kozyrev described the document as "a step in the right direction."

"Our political dialogue has never interrupted, and I hope that there will be no more delays on the path of economic cooperation," the minister said.

The trade deal was completely drafted by the beginning of 1995. However, European partners decided to postpone the signature over the Chechen crisis.

More on 'Provisional' Trade Pact

LD1707185595 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 17 Jul 95

[Video report by correspondent Aleskandridi from Brussels, including recorded comments by Russian Foreign Minister Andrey Kozyrev; from the "Vremya" newscast]

[FBIS Translated Text] [Aleksandridi] Foreign Minister Andrey Kozyrev arrived in Brussels this afternoon to sign a provisional trade agreement between Russia and the European Union. This has happened a year after the Corfu partnership and cooperation agreement, reached between President Yeltsin and leaders of 12 Western European countries. It seems that this agreement resolved the problem of Russian goods' access to the continental market, in particular uranium and aluminum.

Boris Yeltsin called this step historic; it was taken, only to be followed by a fearful pause. During the six months since the EU foreign ministers whom Andrey Kozyrev had talks with today linked the fate of the provisional trade agreement to a settlement of the Chechen crisis, the goods turnover between our country and Europe declined by 14 percent.

The document signed today resolves, in the main, the issues concerning trading procedures, competition conditions, and also provides for the setting up of a contact group in charge of coal and steel.

[Kozyrev] This is not a carrot for good behavior. We have embarked on a path of reforms that we are carrying out, first and foremost, for us, ourselves. If we continue to adhere to this policy of reforms, we will not need any assistance at all.

The point of the agreement is not to receive assistance, but to take a large step forward toward the removal of trade barriers that hamper our goods on their way to Europe.

[Aleksandridi] Experts think that there is just one step between the accords reached in Brussels today and the ratification of the main agreement on cooperation between Russia and the European Union. This step is most likely to be made in September, during Boris Yeltsin's meeting in Moscow with the EU leaders. Perhaps the threat of an economic cold war in Europe will then be finally put to rest.

Kozyrev, Spain's Solana Comment

LD1707191495 Moscow INTERFAX in English 1758 GMT 17 Jul 95

[FBIS Transcribed Text] BRUSSELS, July 17 (INTERFAX) — Russia and the European Union signed a provisional trade agreement in Brussels Monday.

The document was signed by Russian Foreign Minister Andrey Kozyrev, Carlos Solana, foreign minister of Spain, now chairing the E.U., and Jacques Santer, chairman of the European Union commission.

Kozyrev said in a speech after the signing ceremony that cooperation between Russia and the E.U. will no longer be held up.

He emphasized that delaying economic cooperation is counterproductive because it is the economy that has the potential to stabilize and make democratic reforms irreversible.

Kozyrev expressed the hope that barriers obstructing mutually beneficial trade will be removed.

"Russian reform proceeds at a fast rate. In three or four years the Soviet system has been replaced by a truly democratic one," he emphasized. Kozyrev said that 60% of Russia's economy has moved over from the command system to the market one.

For this reason Russia should not be regarded as a country with a centralized or communist economy and an environment favorable for truly equal cooperation should be created, he argued.

Kozyrev complained that trade between Russia and the E.U. has been declining lately and called for joint efforts to remedy the situation.

He said that negotiations about Russia joining GATT-WTO [World Trade Organization] started in Geneva Monday. In Kozyrev's words, Russia wants to be an equal and responsible partner in GATT-WTO. He recalled that Russia is looking forward to the meeting next fall in Moscow between President Boris Yeltsin and Felipe Gonzalez, Spain's prime minister currently chairing the E.U.

Solana emphasized that both the E.U. and Russia want closer partnership reflecting the political and economic role they play in the world and are committed to human rights, basic freedoms and democratic principles. He said that in the light of the successes scored in overcoming the Chechen crisis the E.U. is confident that a solution will be worked out which will be in line with these principles. In his words, the quality of the relations between the E.U. and Russia is the key factor influencing the future of Europe.

Solana welcomed efforts made by the Russian leaders to carry out democratic reforms and said that the E.U. will support them through technical aid programs.

He called for full membership of Russia in GATT-WTO and other international economic institutions.

Kozyrev on UN Forces in Bosnia

LD1707192995 Moscow ITAR-TASS World Service in Russian 1833 GMT 17 Jul 95

[By ITAR-TASS special correspondents Dmitriy Gorokhov and Aleksandr Minayev]

[FBIS Translated Text] Brussels, 17 Jul (ITAR-TASS) — It will be "hardly realistic and quite dangerous" to turn the United Nations or its forces into a warring side in the Bosnian conflict. This warning was given here today by Russian Foreign Minister Andrey Kozyrev. The situation in former Yugoslavia was the main subject of the meetings Kozyrev had with the heads of the Foreign Ministries of the European Union countries at the next session of the European Union Council. "A majority of my colleagues and Carl Bildt, co-chairman of the International Conference on Former Yugoslavia, in particular, share the same views on searching for a political solution," the Russian minister said. "All the parties in the Bosnian conflict should stop ethnic cleansing and hostage-taking, refrain from stepping up combat operations, and respect the status of "safe haven" zones. These zones must not be used as a base for military operations, but they should also be well protected. The ends are obvious, and we in Brussels are discussing means to achieve them."

Admitting that France's demands for maximum protection for the UN personnel are justifiable, many countries share Russia's apprehensions that the United Nations could become one of the warring sides in the conflict. "We would better concentrate on strengthening the peacekeeping role of the UNPROFOR [UN Protection Force] and searching for a political solution, which is still possible," Kozyrev said. He added that the Contact Group and all its members should hold clearer views on "a truly political approach" toward settling the conflict. "We should not hurry to discuss a Judgement Day scenario," he said.

From Russia's point of view, a realistic approach consists of urging all the parties in the Bosnian conflict to stop military operations and observe the status of safe haven zones. Kozyrev said the UN decision, under which a safe haven was created in Srebrenica, provides for the demilitarization of the zone, but that part of the agreement has never been observed. "Indignation and emotions should be transformed into a realistic policy, after all, rather than into bellicose rhetoric, which is no good for anyone, including the Bosnian Muslims."

Daily: Bosnia Conflict Becoming 'Uncontrollable'

MM1807102795 Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 95 First Edition p 7

[Article by Mikhail Shchipanov: "Burning Fuse of Balkan Powder Keg. Conflict in Former Yugoslavia Has Become Uncontrollable in Recent Days"]

[FBIS Translated Text] If you needed a graphic image to describe the recent development of events in Bosnia it would undoubtedly be a "chain reaction" since any action by any of the parties to the conflict only serves to intensify the irreversible process of civil war. The usual scenario is this: Provocation by the Bosnian authorities is followed by a retaliatory — and not always appropriate — response from the local Serbs. Following this, Sarajevo's appeal to the United Nations and NATO and various means of pressurizing the Serbs no longer have any effect.

The Bosnian Serbs' capture of what was (at any rate formally) the demilitarized Muslim enclave of Srebrenica and their advance towards Zepa — another of the six similar areas — has altered the scale of the military operations in Bosnia, which have for the last few months been reduced to the blockade of Sarajevo. Having encountered a dramatic increase in pressure from the Muslim forces the Serbs have resorted to a classic military strategy — an attempt to use several scattered attacks to weaken the onslaught in the direction of the Bosnian Army's main attack. Furthermore the Serb forces needed convenient strategic bridgeheads in the event of the renewed strong Muslim offensive of which people in Sarajevo have been talking constantly. Finally, any illusions that Serb General Mladic's forces had been drained — he had allegedly been ready to place adolescents under arms — were dispelled.

But the Muslim forces are also continuing military operations in the Sarajevo region, constantly shelling Serb areas. The Bosnian authorities aim to demonstrate that it is too early to write them off militarily. All they need is a little more foreign military support....

The situation was worsened by irrepressible Jacques Chirac's unexpected attempt to seize the initiative from Washington on the matter of formulating a general Western position. However, not least because of the usual U.S. jealousy, the French president's underlying idea of using the rapid reaction forces to liberate Srebrenica remained to no avail.

It is deadly for Clinton, whom so many Americans have reproached for his indecisiveness on the Bosnian issue, to find himself behind the French bandwagon. As a result — evidently for purely diplomatic considerations — Chirac was given short shrift not by Washington but by London, which accused him of ill-conceived haste.

Clearly the new French president had to loudly make his presence felt in other ways besides the resumption of nuclear testing. For NATO any form of definitive commitment in the conflict on the Muslim side would mean not just major political and human losses but also the practical loss of levers for diplomatic pressure on one of the sides in the civil war. And thus, according to NATO "eggheads," only the Russian diplomatic service, which has once again brought Vitaliy Churkin, who is popular in the region, back to the Bosnia desk, would stand to gain from that turn of events.

As a result NATO's signal can be interpreted as follows: Not only will the fall of Srebrenica to the Serbs not provoke dramatic NATO retaliation to "make them see sense" but nor would their capture of another enclave — Zepa; but if Mladic's forces encroach on Gorazde for instance, then....

Thus, everyone is being given time to work out a compromise that will enable everyone to save political face even in the new situation.

This week there will be a number of important international consultative meetings with the Bosnia issue the sole item on the agenda. And the fate of the "blue helmets," who are now coming under strong pressure from both Serbs and Muslims, will undoubtedly prevail among the "underlying issues." Things have reached the point where Ukrainian and Dutch peacekeepers have had hand-to-hand combat with enemies crazy for their weapons.

The presence of the "blue helmets" in Bosnia has traditionally been viewed not just as a specific peacekeeping instrument but as an additional guarantee against the lifting of the embargo on arms shipments to the region: Clearly the UN forces would automatically become hostages. But now they are being taken hostage by both sides — Serbs and Muslims — and the beginning of massive arms shipments to the Bosnian Army may indeed be the chief response to the galvanization of Serb military operations.

Then the largest operation in Europe since World War II will begin — to cover the withdrawal of the "blue helmets" and, importantly, their heavy weapons.

Source Comments on London Contact Group Meeting

LD1807124495 Moscow INTERFAX in English 1018 GMT 18 Jul 95

[FBIS Transcribed Text] BRUSSELS, July 18 (INTERFAX) — The likelihood that foreign ministers of the member-countries of the international contact group on Bosnia with participation of Russian Foreign Minister Andrey Kozyrev will meet in London on Friday, "constitutes 99.5%". This statement was made in Brussels on Monday for Interfax by a reliable source from the close entourage of the Russian foreign minister.

Kozyrev, who signed on July 17 in the Belgian capital an interim trade agreement with the European Union, discussed on the same day the Bosnian problem at two individual meetings behind closed doors — first with his colleagues from 15 EU countries, and later with British Foreign Minister Malcolm Rifkind.

According to the source, the participants in the meeting of the contact group, which, besides Russia, also includes the United States, Britain, France and Germany, are to discuss three possible variants of further actions by the international community concerning the settlement of the crisis in Bosnia.

The first variant, said the diplomat, consists in the fact that it is necessary to continue staking on political methods and simultaneously search for ways to raise the efficiency of the UN Protection Force in the former Yugoslavia, as well as solve the problem of delivery of relief cargoes to the population to the area of Bosnia where the war is raging."

The second, "intermediary variant", said the source, envisages the UN Protection Force peace-keeping actions together with the possible use of force."

Finally, "the third, full variant, which some Russian Western partners insist on", is to involve the world community with its potential into the conflict, said the diplomat.

Foreign Minister Points to Growing Corruption

LD1707141095 Moscow INTERFAX in English 1301 GMT 17 Jul 95

[FBIS Transcribed Text] MOSCOW, July 17 (INTERFAX) — Russian Foreign Minister Andrey Kozyrev says there is the danger of a merger between criminal rings and government structures followed by the creation of a corrupt system in the country.

In a speech to the international forum in Moscow Monday to mark 20 years since the signing of the Helsinki Final Act, the minister also pointed to the existence of "huge problems causing serious concern." He spoke of bottlenecks in implementing human rights standards, a slow pace of legal reform and backwardness of other systems related to law enforcement.

"There is the risk of a merger between criminal and government structures, a rampage of mafia crime and bloated bureaucracy," the minister said, pointing to a dangerous drive by certain sections of the bureaucracy to get their own back.

At the same time, he said the president kept "these questions in his field of vision," an indication that they could be overcome.

The minister also said Russia made no secret of its internal problems, but was opposed to any lecturing from outside. He expressed regret that there was such a trend in the West at times.

In this connection, the minister described any attempts to delay Russia's entry into the Council of Europe or other agencies as absurd and futile. "It is high time that the examiners' syndrome, let alone from less capable professors, be dropped," Kozyrev said.

Americans' 'Sociological Espionage' Criticized

MM1807103595 Moscow PRAVDA in Russian 13 Jul 95 p 3

[Article by Doctor of Historical Sciences Karen Khachaturov: "Sociological Espionage. The West Is Using Experience Gained in 'Banana Republics' in Russia"]

[FBIS Translated Text] Recently I received a letter. Its author, D.E.S., said that he is a graduate student of the University of Michigan politics department and that he is currently on attachment to the Russian Academy of Sciences Sociology Institute with the aim of preparing a dissertation on public associations in Russia. From a list of them he had selected the Russian Committee for Cooperation With Latin America and he asked me, as its chairman, to answer a number of questions.

The eight-page questionnaire in the form of a pamphlet reminded me of the furor that broke out three decades ago in some Latin American countries. Local parliamentarians, political figures, scientists, and journalists there came forward with exposes of sociological espionage operations. It was proved that, on the orders of government departments, above all the CIA and Pentagon, many U.S. universities including Michigan were conducting polls to ascertain the local population's mood. With the aid of the "Camelot" plan in Chile, the "Sympatico" plan in Colombia, the "Job-430" plan in Argentina, the "Colony" plan in Peru, and the "Social Development Strategy" plan in Venezuela an attempt was made to forecast the future of every Latin American country in the light of U.S. interests.

At that time an organization under the American University in Washington devised a number of standard models of sociological espionage. Research entitled "A Historical Analysis of Examples of and the Mechanics of Coups in Latin America Since 1900" set itself the task of "obtaining information which would enable the United States to anticipate the organization of military measures in connection with subversive activities in Latin America." Simultaneously, on the Pentagon's orders Georgetown University devised a plan of "possible countercoups in Latin America." Based on the research carried out the American University compiled a "psychological warfare" manual for the Pentagon's practical needs.

Sociological polls have been generously subsidized by U.S. charitable foundations. For example, the Ford Foundation funded them in the Argentina's Chaco Province among small landowners and agricultural workers. They were asked questions such as: "Do you agree with the assertion that the rich are to blame for the fact that there are poor people?", "What do you think about strikes?", "Do you sympathize or have you sympathized with any political party?", "Have you participated in or have you seen or heard of any demonstration, strike, or meeting which was accompanied by violence?" (if so, "where, when, in what circumstances, and with what final result?"), "Do you think that there should be many political parties, a limited number, one party, or should there be no political parties?", "Do you consider the existence of a political party of working people themselves to be necessary?", "Do foreign companies help the country's development or not?", "Do you talk about political subjects and with whom?", "Do you think that factories should be run only by workers, or workers and entrepreneurs, or only entrepreneurs?", "Do you believe that factories must be taken away from their owners?", "What in your opinion should be done in Argentina to improve the country's situation — leave it unchanged, change some things, or change everything?"

Polls of servicemen and the civilian population regarding their attitude toward the army were specially conducted. The "Sympatico" plan was devised for Colombia, where Latin America's most protracted armed struggle goes on to this day. Under this plan Colombian servicemen were asked questions such as: "Are you satisfied with your command, how is the country's defense organized, what do you think about communism, and are you prepared to help the United States in its struggle against the international communism entrenched in Latin America?" The "Colony" plan devised for Peru envisaged the "preliminary study of the potential of the Peruvian and U.S. Armies to carry out the civil actions for which the Peruvian Armed Forces are responsible."

In the university environment sociological espionage has often been carried out according to the routine pattern of CIA-American university-Latin American university. Thus, on the CIA's orders the University of Michigan, subsidized by the Ford Foundation, set out to ascertain via the private Catholic Iberian-American University in Mexico the Mexican public's possible reaction to a coup d'etat in the country modeled on Pinochet's coup. University of Michigan Professor Joseph Rota compiled a 40-point questionnaire. The following featured among them: "How would you describe the Mexican Government's position regarding the coup d'etat in Chile?", "Do you believe that something similar to what happened in Chile could happen in Mexico?", and "What organizations are influencing or trying to influence the drafting of the new labor law in Mexico?" Iberian-American University students had to ask these questions over the telephone, dialing numbers randomly. The first three digits of the random subscriber's telephone number made it possible to judge the area of the city and its socioeconomic profile. The activity of the University of Michigan "sociologists" aroused the Mexican public's indignation.

Protests against sociological espionage took on the nature of nationwide campaigns, and it was preferred to curtail large-scale polls which annoy the public. In addition, those viewing Latin American society with their X-ray eyes periodically ended up with egg on their faces: Often the turn of events did not confirm the forecasts. It was in those years that Latin America was U.S. leaders' biggest headache.

It is for other reasons that Russia, like the entire post-Soviet area, is becoming the center of attention of the "sociologists" across the ocean.

Now we can return to the request made by the U.S. graduate student, whose questionnaire alone only a sizable analytical center is capable of devising. Some questions require answers on a five-point scale, others a "yes" or "no" answer. For example, question No. 24 requests the following categories of the population (here and hereafter each is on a separate line) to rate their attitude toward the Russian Committee for Cooperation With Latin America: "workers, women, young people, elderly people, Zionists, servicemen, communists, supporters of privatization, rural inhabitants, people of non-Russian nationality, democrats, believers, patriots, Armed Forces veterans, intelligentsia, fascists, entrepreneurs and businessmen, any other group? Which group exactly? Please insert." Let us leave to the compilers' conscience such allegedly equivalent categories as "elderly people" and "people of non-Russian nationality" or "women" and "Zionists."

This question is also curious: "Regarding power structures, please say to what extent your public association is supported or opposed by the power structures listed below: the Ministry of Internal Affairs, Russian Federation president's apparatus, Ministry of Defense, Ministry of Foreign Affairs, FSK [Federal Counterintelligence Service], i.e. the former KGB, FITUR [Federation of Independent Trade Unions of Russia], i.e. the former AUCCTU [All-Union Central Council of Trade Unions], Goskomimushchestvo [State Committee for the Management of State Property], Ministry of Justice, Ministry of Labor, local administrations, any other power structure? Which exactly? (Please insert)." I think that not even the FSB [Federal Security Service], like its predecessor the FCS, with disheartening directness called the "former KGB" by University of Michigan sociologists, extends its professional inquisitiveness so far. Equally, even the tax inspectorate is unlikely to instruct people to answer nine questions about a public association's "sources of material support," including "gifts and donations from Russian enterprises" and "leasing real estate."

But the "sociologists" pay paramount attention to the political activity of the public association chosen by them, whose sole function, incidentally, is to develop international cooperation. But inquisitiveness about our organization's forms of activity once again requires an answer on the five-point scale to the following questions: "lobbying in executive branch structures, lobbying in the State Duma, lobbying in local or oblast administrations, protecting your public association's or association members' interests in court, influencing public opinion through the mass media, organizing demonstrations, marches, and strikes," etc.

The questionnaire's authors are extremely interested in those "founding fathers" of our organization who "were elected to the USSR Supreme Soviet in March 1989, were elected to local or oblast soviets in March 1989, had contacts with foreign organizations which were involved in similar issues, worked in the CPSU Central Committee apparatus, worked in a CPSU city, rayon, or oblast committee, or who were dissidents." It also contains a request to indicate those who were CPSU members.

I have deliberately used initials to indicate the forename and surname of the author of the questionnaire sent to me because I fully admit that he does not know whose social order he is carrying out and that he religiously believes his handwritten assurance: "The information collected for my research will be used exclusively for scientific purposes and will in no circumstances be used to identify your organization, not even its name and address." But while the man from Michigan is infantile his Moscow teachers cannot be as infantile. For all the misfortunes of our academic science a respected institution must have a limit of "permissible self-defense" in its understandable quest for ways to survive.

People might object to me that public associations' activity is open to universal inspection, that questionnaires are only the raw material for a future dissertation, that it is not a case of selling blueprints of a secret interceptor aircraft or the technology of an alloy of strategic importance. I will venture to doubt this. A sociological thermometer reading is a kind of indicator of the political temperature, which makes it possible to judge the latent social processes taking place in Russia, especially on the eve of elections.

There is another reason for the excessive inquisitiveness. In the United States, and in other Western states, the thawing of glacial structures from Cold War times is inevitable. Right now a draft law on cutting or even abolishing a number of departments in the "psychological warfare" sphere has been submitted to Congress. Under the law of communicating vessels the place of government institutions is being taken by "think tanks, "foundations," and other private organizations, including those specializing in sociological espionage. Are we really more indifferent to it than those who only recently were called "banana republics?"

Joint U.S. Satellite Firm Plans Commercial Moves

LD1707124495 Moscow INTERFAX in English 0951 GMT 17 Jul 95

[FBIS Transcribed Text] MOSCOW, July 17 (INTERFAX) — The joint venture International Launch Services (ILS) founded by the Khrunichev State Space Center and the U.S. Lockheed-Martin plans to control about 50% of the world's commercial launch market, Interfax learned from the center's press service.

Starting from 1996, ILS will launch four French SES communications satellite, one INMARSAT-3 mobile communications satellite and a number of satellites of such U.S. companies as Loral, PanAmSat, Hughes and Motorola with Russian-made Proton boosters.

The commercial services will undoubtedly promote the development of Russia's space industry, the press service said.

ILS was founded in 1995 to enable the Khrunichev center to access the world space market and sign contracts on more than 20 commercial launches until the year 2001, in total worth over $1.5 billion.

In addition to Proton, ILS also offers the U.S.-made Atlas booster. In 1994, the Khrunichev center successfully launched 13 Proton boosters.

U.S. Consortium To Help Reprocess Missile Fuel

MM1807110095 Moscow IZVESTIYA (Financial Section) in Russian 18 Jul 95 p i

[Report by Petr Yevseyev: "Russian Missile Fuel To Be Reprocessed Using U.S. Technology"]

[FBIS Translated Text] Russia and the United States are starting a new joint project to reprocess surplus Russian ballistic missile fuel into commercial products. Last week the leaders of the organizations taking part in the project met in Moscow to coordinate action to implement it.

The project is being financed within the framework of the U.S. Nunn-Lugar program and envisages the destruction of 30,000 tonnes of dimethylhydrazine over the course of five-seven years. According to Nikolay Shumkov, chief of the State Committee for the Defense Sectors of Industry main administration coordinating the program, the contract to ensure the technical backup of the work to destroy and process the missile fuel was won by an American group of companies. The main contractor under the project is the Thiokol Corporation, and the group it leads also includes Allied Signal, BDM International, and Russia's "Askond" Joint-Stock Company.

The $25-million contract envisages the shipment of three hydrogenation installations to Russia. Once tests are successfully completed in the United States, the first of these will be installed at the end of this year at a Khimmash Scientific Research Institute installation near Sergiyev Posad.

For Russia, which has managed to find only 50 percent of the minimum amount of funds required and has allocated only 9 percent of the money needed to recycle all the types of fuel now surplus to requirements as a result of the destruction of missiles under the START I Treaty, the shipment of the three installations will be free of charge. The products produced by processing the dimethylhydrazine — and medicines in particular — may be sold. It is assumed that the profits from their sale will be used to fund other conversion programs.

FSB on West's Activities in Russian Provinces

MM1807103395 Moscow KRASNAYA ZVEZDA in Russian 18 Jul 95 p 1

[RIA report "From the Federal Security Service": "All the World's Security Services 'Visiting' Us?"]

[FBIS Translated Text] According to a report from the Federal Security Service [FSB] Rostov Oblast Directorate press service, operational information has come in about the activity of French Foreign Legion recruiting agents operating on the oblast's territory. It is reported that 60 Don inhabitants have expressed a desire to undergo combat training at the legion's bases.

Meanwhile cases of the recruitment of workers from the "Gazprom" Joint-Stock Company and cases of industrial espionage have been discovered at northern gas installations in the Yamalo-Nenetsk Autonomous Okrug. According to Major General Anatoliy Antipin, chief of the FSB Tyumen Directorate, the special services of Hungary, Finland, and Estonia have been observed to have stepped up their activity in integrating the Finno-Ugric population, which may promote the manifestation of nationalist and separatist moods among the indigenous small peoples in the north of Siberia.

Japan 'Perplexed' by Stand on Nuclear Waste

LD1707121895 Moscow INTERFAX in English 0951 GMT 17 Jul 95

[FBIS Transcribed Text] VLADIVOSTOK, July 17 (INTERFAX-EURASIA) — Japan is perplexed at the Russian stand on the utilization of the liquid radioactive waste of the Pacific Fleet, Chairman of the Committee for Natural Resources of the Far Eastern Primorye Territory Yevgeniy Stomatyuk said in an exclusive INTERFAX-EURASIA interview.

On Interfax's request, he commented on the progress of an international tender for the making of an installation utilizing liquid radioactive waste in the Pacific Ocean.

Japan's bewilderment is mostly due to the existence of two differing Russian opinions on the tender's winner.

The thing is that the British Crown Agency, which was requested to hold an independent examination, has prepared a proposal on the winner. The agency's stand is supported by Japan and the Primorye Territory. However, co-chairman of the Russian-Japanese committee for naming the tender's winner and Deputy Russian Nuclear Minister Nikolay Yegorov took a different stand. A group of Moscow experts and Yegorov insist on naming as the tender's winner the firm which comes second on the Crown agency's list.

In the opinion of a representative of the Primorye administration, this stand has been taken because the firm was formed by some Russian departments, including the Navy, the State Committee for Defense, the Ministry of the Economy, the Environmental Ministry and the Russian Academy of Sciences, with the participation of U.S. and Japanese private capital.

Nevertheless, the procedure established before the tender must not be violated, said Stomatyuk. "As soon as the candidate for the winner has been chosen, work with the candidate must be started to take the final decision: whether to sign the contract or not," he noted.

The Primorye administration, being the general contractor, would have long signed all the documents to start the production of the installation, but the uncoordinated Russian stand is the obstacle.

Last week Stomatyuk said the Primorye authorities may have to dump liquid radioactive waste into the Sea of Japan if a decision on the construction of the waste-utilizing installation is not taken in the near future.

About 1,000 cubic meters of liquid radioactive waste was dumped by Pacific fleet tankers in the Sea of Japan in fall 1993. The waste came from the Zvezda plant, the Primorye Bolshoy Kamen town, which services the nuclear-powered submarines of the Russian Pacific fleet. The sharply negative reaction of the Far Eastern public and the authorities of the neighboring states made the Russian leaders search for a way to process the radioactive waste.

Oil-Related Cooperation Planned With Iran

LD1807083795 Moscow ITAR-TASS in English 0718 GMT 18 Jul 95

[By Oleg Kuzmin]

[FBIS Transcribed Text] TEHRAN, July 18 (ITAR-TASS) — Russia's firmness in its intention to cooperate with Iran in the nuclear power industry has improved prospects for the development of bilateral contacts. The Islamic Republic of Iran changes its attitude of Russia and looks for new ways for cooperation, Anatoliy Fomin, Russia's First Deputy Minister of Fuel and Power, who is currently here on a working visit, has told ITAR-TASS. Fomin has held talks with Iranian officials.

Russia and Iran are interested in cooperation in a number of oil-related fields, including the implementation of a number of joint projects on the territories of the two countries as well as Turkemnistan, Azerbaijan, and Kazakhstan, Fomin said.

The Russian Deputy Minister said that other matters, specifically, the coordination of energy resources pricing policies were also touched upon during the talks.

Moscow Paper on Minsk-Tehran Arms Sales Pact

MK1807090095 Moscow KOMMERSANT-DAILY in Russian 18 Jul 95 pp 1, 4

[Report by Anna Baneva, Georgiy Bovt: "Belarus-Iran Military-Technical Relations. 'Little' Brother Instead of 'Big Brother' Sells Arms to Iran"]

[FBIS Translated Text] Iran Vice President Hasan Habibi was on a visit to Minsk last weekend. President Alyaksandr Lukashenka received an invitation to visit Iran. Agreements were signed on the protection of investments and on avoiding dual taxation, trade and economic relations, and on cooperation in the field of culture and transport. Talks took place on the possibility of shipments of Iranian oil to the republic, which until now has been getting it exclusively from Russia. All these things are not the most important ones. One may see as the main result something that can be regarded as a nearly sensational development: an agreement was signed on military cooperation and the sale to Iran of some types of conventional arms and equipment. Today, it is hard to assess the importance of the agreement. One notable fact is that its conclusion followed almost right on the heels of Russia's refusal to sign with Tehran new contracts on deliveries of conventional weapons.

Hasan Habibi announced at the final press conference that whereas Iran had virtually no relations with Belarus, the situation now should radically change. Belarus Premier Mikhail Chyhir also voiced his satisfaction at the results of the visit stating that "this is the rarest occasion where a second government meeting already yields positive results." One such result was the reaching of an understanding on cooperation in the military sphere. For example, Hasan Habibi announced: "We will be buying the classical range of defense-type arms. Belarus will also give us consultations on technical questions of production of some equipment."

Mikhail Stankevich, deputy defense minister for armaments, said in the corridor that Iran's representatives discussed matters of shipping of Belarus military products to Iran, as well as the development by the Belarus side of military complex products ordered by Tehran. In particular, the Iranian side showed special interest in the products of the wheeled prime movers plant. Experts believe that Iran needs these prime movers to transport missile equipment. Products of the Belarus Optics and Mechanics Association (BelOMO), which will also be sold to Iran, are intended for equipping Soviet-made planes in service with Iran's armed forces.

Your KOMMERSANT-DAILY correspondent has come to learn that the question of fire guidance systems for ground-based systems [sistemy navedeniya ognya dlya nazemnykh sistem] was not discussed. At the same time, the Belarus side offered to Iran to use the maintenance plants in Orsha and Baranovichi to repair Iranian equipment.

Representatives of both countries' Defense Ministries signed a protocol of intentions in extension of the government Treaty on Cooperation in the Military Field which indicates the main framework areas of cooperation. In the words of Stankevich, cooperation within the framework of the military departments calls for the shipping from Belarus of separate components for both the ground forces — in particular, for armored vehicles and tanks — and for aviation. "Questions of sales of separate types of weapons" can also be considered.

The latter news is especially spicy in light of the situation that has taken shape involving Russia-Iran military contracts: Yielding to U.S. pressure, Russia undertook, upon the completion of the old contracts, not to sign any new contracts with Tehran. The Americans at once doubted their ability to know when the desirable moment marking the end of this or that old contract arrives. Not to mention the fact that no one (save, of course, Moscow and Tehran) knows how big are the shipments provided for in these contracts. Now the whole thing is bound to become even more confused. This is due to at least two circumstances. First, not only do Russia and Belarus have no customs border between them, but no border at all.

Second, it would be as difficult to tell "Belarus" "separate types of weapons" from "Russian," as "Belarus" weapons from "Soviet" weapons. Incidentally, there has perhaps already been a precedent of a joint sale of "separate types of weapons:" the very same United States received from Belarus the PVO [air defense] S-300 system. KOMMERSANT-DAILY has significant grounds to believe that influential departments in Moscow had a hand in that deal. Why not follow the same pattern in the future?

Talks were also held during the course of the Iranian vice premier's visit to Minsk on the possibility of shipping Iranian oil to Belarus. Admittedly, no complete agreement was reached. According to Chyhir, two options were considered. First, Iran ships oil to Belarus at reduced price. In this case, it is to be shipped via the Latvian Ventspils port linked by pipeline with the Novopolotsk oil refining combine. Second option: shipment by a substitution arrangement. This means that Belarus will buy oil in Iran to sell it to countries which are getting their oil from Russia — Turkmenistan, Uzbekistan, and Tajikistan This arrangement would make it possible to save on transport costs and is, according to Chyhir, the most likely one.

Mikhail Chyhir also announced that commodity turnover between Belarus and Iran last year was $1.6 million. It is to be increased, starting this year, to $20 million. Also discussed at the talks were questions of setting up joint ventures and of Iranian investments in the Belarus economy. In particular, Iran's participation is being considered in the completion of the cement plant project in Kostyukovich.

It now remains to add that KOMMERSANT-DAILY correspondent Anna Baneva was not given accreditation to cover Hasan Habibi's visit. Respecting the guests' Islamic fundamentalism, the Belarus side refused to accredit female journalists. Once they complied with one request, they would have to comply with some other, as they say....

Army Paper Quotes Grachev, South African Counterpart

MM1807112695 Moscow KRASNAYA ZVEZDA in Russian 18 Jul 95 p 1

[Report by Aleksandr Golts: "Visit Over, But Cooperation Just Beginning"]

[FBIS Translated Text] On 16 July, after a stay in St. Petersburg, South African Defense Minister Joe Modise concluded his visit to Russia. On 14 July Army General Pavel Grachev, Russian minister of defense, had signed an agreement together with his South African colleague on cooperation between the two countries' defense departments.

This agreement, as Pavel Grachev stressed, speaking to journalists, opens up a fitting new page in relations between our peoples and armed forces. A firm foundation for the future has been established. Thus, an exchange of military delegations and visits by subunits of the Ground Forces and Air Forces and detachments of warships are planned. The Russian minister of defense deems it entirely likely that airplanes from our Air Force will take part in the celebration of the 75th anniversary of South Africa's military aviation.

In accordance with the agreement, joint military exercises and staff training will also be conducted. Talks between the Russian Federation Armed Forces General Staff and the Republic of South Africa National Defense Forces Main Staff will become a regular occurrence. This year the Russian Ministry of Defense is already prepared to accept South African servicemen in its military institutes for training both on full programs and short courses.

Finally, Joe Modise's visit went beyond purely military contacts. Joe Modise met with Russian Vice Premier Oleg Soskovets, with whom he initialed an intergovernmental agreement on military-technical cooperation between the two countries. The delegation from South Africa, which included many representatives of the military-industrial complex, was given the opportunity to familiarize itself with the latest models of Russian military hardware.

Answering a question put to him by your KRASNAYA ZVEZDA correspondent, the South African defense minister stated that projects connected with the joint development of engines for South African Air Force airplanes, as well as projects in the electronics sphere, had been concretized.

At the same time, the Russian and South African defense ministers stressed that these are only the first steps in our cooperation, and that the real results of this cooperation will only become evident once all the points of the agreement — which will clearly not be the last one in relations between the two countries' armed forces — are worked out in detail and put into effect.

Political Issues

Paper Cites Rumors of Yeltsin Heart Surgery

AU1307100695 Vienna NEUE KRONEN-ZEITUNG in German 18 Jul 95 p 2

[Unattributed report: "Boris Yeltsin Heart Surgery?"]

[FBIS Translated Text] Moscow — Rumors about a serious heart disease of the 64-year-old Russian president intensified on Monday [17 June]. It was reported in Moscow that artificial heart parts have been flown in from Bulgaria for an upcoming operation. Officially, the Kremlin has declared that Boris Yeltsin "is carrying on working in the hospital...."

Condition Remains Closely Guarded

MK1807075095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 18 Jul 95 p 1

[Report by Natalya Timakova: "Patient Is as Active as Before. When Our President Will Leave the Hospital Is Only Known in the United States"]

[FBIS Translated Text] By tenacious work for the good of the country, Boris Yeltsin is continuing to give lie to all rumors and speculation on his condition. It follows from a communique circulated by the [presidential] press center about the president's weekend that the head of state would not rest even over the weekend.

He was vigorously dealing with questions related to both foreign and domestic policy: He gave valuable instructions to Foreign Minister Andrey Kozyrev to take part in the signing of a temporary trade agreement between Russia and the European Union and to never miss the meeting with EU foreign ministers in Brussels. Nor has the Russian Federation government been ignored from on high. The premier was tasked with fine-tuning the draft of an edict on setting up a state air traffic control corporation and opening up Russia's air space for international flights.

The upcoming harvesting campaign also troubles the president's heart: The ministers of corresponding departments are supposed to solve on an urgent basis the problem of shipments of agricultural equipment to ensure victory in the harvesting campaign.

As directly regards Boris Nikolayevich's state of health, the president's press service declined to comment to your MOSKOVSKIY KOMSOMOLETS correspondent. She was asked to refer all questions to the doctors treating him whose accessibility bears comparison with perhaps that of Mt. Everest. It is simpler by far to get through to U.S. Secretary of State Warren Christopher, who must know what ails our president more than official sources do. It is Christopher who had the honor of telling the world (including the Russians) that Yeltsin will be discharged from the hospital at the end of this week.

Aide: Yeltsin 'Recovering Fast,' Performing Duties

LD1707192195 Moscow INTERFAX in English 1758 GMT 17 Jul 95

[FBIS Transcribed Text] Moscow, July 17 (INTERFAX) — Boris Yeltsin seems to be on his way to recovery, Viktor Ilyushin, his senior aide, told INTERFAX. Ilyushin held an hour-long meeting with Yeltsin in the Central Clinical Hospital Monday.

This was the first in-person meeting Yeltsin has held during his stay in the hospital. Ilyushin said that the doctors allowed Yeltsin "short contacts."

Ilyushin's impression was that Yeltsin is recovering fast. Ilyushin agreed with the doctors' advice to keep Yeltsin in the hospital for further medical observation this week.

He said that Yeltsin's schedule includes numerous meetings with top officials this week. In Ilyushin's words, Yeltsin's routine will be to have treatment in the morning, followed by reading documents and one or two in-person meetings in the afternoon.

Ilyushin said that Yeltsin had instructed him to draft various documents, notably on government appointments.

Yeltsin Issues Rulings on Adoption of Laws

LD1807102395 Moscow ITAR-TASS World Service in Russian 0930 GMT 18 Jul 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 18 Jul (ITAR-TASS) — Russian President Boris Yeltsin today rejected the federal law "On Introducing Amendments and Addenda to the Russian Federation Code of Labor Laws" because it is "not in accordance with the first part of the Russian Federation Civil Code, the Russian Federation 'Law On Education,' and the foundations of Russian Federation legislation on safeguarding citizens' health." The press service of the Russian president, who is currently undergoing treatment in Moscow's Central Clinical Hospital, announced today that the president informed State Duma Chairman Ivan Rybkin of his decision by letter.

According to press service releases, Boris Yeltsin also sent another message today to the speaker of the lower chamber of the Federal Assembly. This lists "the laws which the head of state believes must be adopted before the end of the mandate of the State Duma of the first convocation, in the interests of strengthening Russian statehood and the legal system." Boris Yeltsin counted the following acts amongst such laws: "On the procedure and principles of delimiting the subjects of jurisdiction and powers between the federal bodies of power and the bodies of state power of constituent parts of the Russian Federation," "On the judicial system of the Russian Federation," "On the procedure for adopting federal constitutional laws and federal laws," "On the federal budget for 1996," and "On the code of laws."

During the crisis between parliament and the government in late June the Russian president met with leaders of State Duma factions and urged the deputies "to concentrate on passing the most important laws, so that they can be approved before the December elections." The head of state noted at the time that far from all the draft laws included by the MPs on the State Duma's working schedule are debated and passed on time, which results in a certain legislative vacuum.

The message sent today by Boris Yeltsin to Ivan Rybkin with a list of top priority legislative acts given shows that the president has decided to help the deputies sort things out before they break up for a parliamentary recess and to some extent to urge them on to adopting their own minimum program of legislation.

Daily Calls Yeltsin's 'Sudden' Illness 'Diplomatic'

MM1807090895 Moscow SELSKAYA ZHIZN in Russian 18 Jul 95 p 1

[Article by political observer Aleksandr Bykovskiy under the "Tuesday to Tuesday: View of Events" rubric: "Elections Are No Time for Ingratiating Behavior"]

[FBIS Translated Excerpt] So the elections to the State Duma — the lower chamber of the Russian Federation Federal Assembly — will be held on 17 December. That is envisaged by a presidential edict which was beyond a shadow of a doubt one of the main political events of the past week. Thus the election campaign on which many Russian citizens are pinning so many hopes of change for the better has, for all intents and purposes, begun. [passage omitted]

As I write this I can well remember [State Duma Speaker] Ivan Rybkin's critical statements regarding certain opposition figures. Power is indisputably inadvisable for some of them. But in order to ensure that political rogues do not force their way to power, you nonetheless have to oppose the current regime in some way and not count on being able to ingratiate yourself with it in the elections. I would like to believe that with the beginning of the election campaign light will be shed once and for all on the relationship between Rybkin and the Agrarian Party of Russia, which promoted him to the political heights. Otherwise silence may mean considerable problems in the elections.

There is every indication that the Russian president has to perform an equally complex psychological task. The situation in the country is so acute that he will hardly allow himself the luxury of "magnanimously" refusing to take part in the coming presidential elections. That move would cost him too dear. But on what should he base his next election campaign? Not on his successes, obviously. It can hardly be expected next year — and the same goes for this year, incidentally. There is every indication that Russia has entered a phase of protracted crisis and troubled times.

That is why I think that observers are right when they are inclined to think that Boris Yeltsin's sudden hospitalization last week because of the worsening of his cardiac ischemia is in many respects a so-called diplomatic illness. It was probably no coincidence that this disease struck the day before the State Duma vote on the possible creation of a commission to remove the president from office. Let us not forget either that the Constitutional Court is currently hearing a case regarding Boris Yeltsin's well known edicts which resulted in the tragic events in Chechnya. And it is still not known what verdict the court will bring especially since a number of specially invited experts have cited arguments that are extremely unpalatable for Boris Nikolayevich.

In these conditions you get the impression that Kremlin analysts are inclined to retread a route that Yeltsin has already successfully covered following his memorable resignation as leader of the Moscow CPSU Gorkom [City Committee]. Remember that then, too, he was hospitalized, after which the disgraced party leader's popularity soared dramatically. However, what I have said by no means signifies that the Russian president's health today is quite okay and that he entered the Kremlin hospital only for political reasons. You could see even from the president's outward appearance of late that he was by no means feeling brilliant, to put it mildly. It is strange that his large entourage did not advise Boris Yeltsin to see his doctors earlier.

The official reports regarding Boris Nikolayevich's illness also give rise to questions. I know from my own sorry experience that if a patient has cardiac trouble doctors ban him not only from looking at business papers, but also from using the telephone. In this case Kremlin services have been assuring us for several days that the president is still taking an active part in the day-to-day running of the state. You sometimes find yourself thinking that Viktor Chernomyrdin, who under the Constitution is supposed to take over the president's duties in the event of the latter's illness, is, as it were, being reminded who is actually boss.

In general all kinds of hypotheses are being voiced regarding Yeltsin's illness. By no means always polite hypotheses either. Thus Naina Yeltsina is in many respects right to speak resentfully about the excessive attention that journalists are paying to her husband's illness. But you must clearly understand representatives of the so-called fourth estate: They know what might happen to the country if people who overestimate their own potential — both physical and political — come to power.

Chernomyrdin Discusses Yeltsin's Health, Chechnya

LD1707220695 Moscow Russian Television Network in Russian 1430 GMT 17 Jul 95

[Studio interview with Premier Viktor Chernomyrdin by Irina Lapina in Moscow studio, and via television link with Tyumen by Yuriy Lepskiy, political observer of TRUD newspaper, and "colleagues," identified by Lepskiy throughout interview, on 17 July; from the "How Shall We Live" program — live or recorded]

[FBIS Translated Excerpt] [Lapina] Hello. With us in the Russian Television studio today for a special program is Russian Premier Viktor Stepanovich Chernomyrdin.

Thank you for coming, Viktor Stepanovich. May I start with the idea that there are some geographical names which evoke a flood of associations. Tyumen is one such. And it is Tyumen that the premier is going to visit. We reckoned it would be of interest to everyone to organize a meeting with correspondents just before the visit, so we have set up a direct television bridge with Tyumen today. We will introduce the correspondents a little later, but I would like to start with the visit, its purpose, and the associations which Tyumen evokes in us.

[Chernomyrdin] The purpose of my trip is to take part in a meeting of the Association of Siberian Regions, which will discuss issues relating to the fuel and energy complex. Other issues will also be discussed; these are important questions and the Siberian Association is a powerful one. As for it being held in Tyumen, this is also of special significance, because Tyumen and the Tyumen region, the western Siberian region, are of particular importance for Russia; it always has had and will continue to have particular importance in the foreseeable future. For me personally it is of particular significance because I have worked in Tyumen and know the region well, the trip will be nice.

[Lapina] Thank you, Viktor Stepanovich. If you do not object, let's talk about the procedure for today. Today we have a direct television link with Tyumen, and they already have questions prepared. However, we also have a lot of questions from viewers of our "How Shall We Live" program. So let us try and take turns.

Now over to my colleague Yuriy Lepskiy, political observer of TRUD Newspaper, who will be the moderator. Over to you, Yuriy.

[Lepskiy] [video shows Lepskiy in Tyumen studio, flanked by correspondents] Thank you, Irina. Good day, Moscow. Good day Viktor Stepanovich, we are glad to be having this meeting with you. Thank you for taking the time to meet our Tyumen colleagues. I will be introducing them as we go through, but may I point out that not everyone who wants to ask you a question is represented in the studio, of course. But believe me, gathered here in the studio we have competent correspondents who love their region, and I hope the dialogue will be both contructive and possibly even useful.

To begin with, Viktor Stepanovich, two questions which are of interest to everyone here. First, everyone I have met here in Tyumen and in Tobolsk is particularly interested in the president's health. What have you talked to him about, how does he feel?

The second question is also one which crops up spontaneously in everyday conversation. People ask what the so-called dollar corridor is about. Will things collapse in the fall? It is an understandable question, because Tyumen is a region producing hard currency output — oil and gas. Could you start with this, if you don't mind.

[Lapina] [passage omitted: asks for questions one at a time]

[Chernomyrdin] Well, first and foremost, with regard to the first question on President Boris Nikolayevich Yeltsin's health, I think this is quite a legitimate question. Everyone is asking about it and is concerned about it. How can we not be worried about the president's health? It is important to Russia. I can say that his health is okay; he is getting better. He is in the hospital now and he will have to spend some time in the hospital, as planned. He is working and we have a planned meeting set for tomorrow. We will meet as we usually do on Tuesdays.

[Lapina] There was a second question, on the corridor.

[Chernomyrdin] On the second question, on the corridor which has been set by the decision, the agreement which we signed with the Central Bank and which set this corridor at a minimum of 4,300 and a maximum of 4,900 [rubles to the dollar], I would like to say that this was not an easy matter, it did not happen spontaneously. We did not simply do what we wanted. There was much preparation prior to us making this decision. We, the Government and the Central Bank, now think that all the conditions exist for this corridor to be set within these limits. We must at the same time... [pauses] I will also tell you why we chose these limits, these parameters, these upper and lower levels.

First of all, we think that this is an acceptable level. I would say that the corridor is sufficiently wide. However, we also chose these parametres because we are in a position today to keep the exchange rate within these limits. Why is this necessary? Well, primarily because we need predictability so that enterprises and collectives and entrepreneurs may plan their work on a known exchange rate. We have set the rate until 1 October. That is the first stage which we have set. I can tell you now, we will continue with this. We will and are doing all we can to narrow this corridor. This is what is needed and what we are trying to achieve, and it is what we call stabilization. Without a stable ruble, without the ruble, it would of course be difficult to carry out all our other work. What we are doing is very important, it is of fundamental importance today for the Russian economy. We must do all we can to sustain it. I am convinced and hope that we will sustain it.

[Lapina] Thank you. Tyumen, we are ready for your question.

[Lepskiy] Thank you, Viktor Stepanovich, I would like to hand over to Natalya Astafyeva, a correspondent with television's first channel; go ahead Natasha.

[Astafyeva] My question is about the rather strange — in the view of many people in Tyumen — situation which has developed in the region. Virtually all the oil and gas companies, apart from perhaps Surgutneftegaz, are only officially Tyumen, Yugorsk, or Yamal companies, and are in fact Moscow companies. They pay taxes in Moscow and the income from the raw material which is sold is to all intents and purposes not spent on the people who are extracting oil here and who, as you know, extract it with great difficulty. What is your view of this situation, and is it true that you are coming to visit us with signed documents on the creation of the first local Tyumen oil company?

[Chernomyrdin] I will begin with the last question, the second one. Preparations are being made for such a company, they have essentially been made. I have not signed anything yet, but will be glad to sign it in Tyumen. We will look at a few other questions, we will look more precisely at how far preparations have gone. I will be quite happy to do this and do it in Tyumen itself. There should be this kind of company in Tyumen. I would say that, with regard to companies relocating in Moscow, that this is primarily the head offices of the companies. We should consider why this has been done in deciding whether or not it is correct. To a certain extent it can be justified by the fact that all companies have a presence in Moscow. They are doing a lot of work, daily, every day, every hour. All the more so under economic and market conditions. So it is of course necessary. It is very important. However, I would like to say once again that this is not essential. Bogdanov from Surgutneftegaz fulfills his obligations very well and is based in Surgut. That is the first point.

The second point — taxes: all enterprises which are based and registered where they are sited — that is in the main enterprises from the oil and gas complex, but not only them — if they are registered in Tyumen, Tyumen Region, or in an autonomous region, they pay taxes there. Only the office — if I can say that without insulting anyone — which is registered here in Moscow pays taxes in Moscow. So most of the taxes are collected in the localities. And amounts are taken in tax at a federal level, and what needs to be left is left in the localities.

[Lapina] Thank you, Tyumen, stay with us, we will go over to you soon. Viktor Stepanovich, let us regularly go over to viewers of the "How Shall We Live" program, as we agreed. Among the questions which they are constantly asking — and to be quite honest, to which they have not yet received intelligible answers — there are several which particularly stand out. Here is one of them. When will it finally be advantageous to produce things in Russia? Viewers of course understand that brokers and middlemen are needed, nevertheless there is a desire that people should be able to work well and work properly and receive money for this work.

[Chernomyrdin] That is a good question, I must say. This is essentially the basis of our economic program; today it is this point that is the essential substance of the economic transformations or reforms which are under way in Russia, which we are carrying out. Of course we — the government, I mean — have to create the conditions to make it profitable for producers to produce, profitable in all respects. What does profitable mean? It means producing good output, output which is needed, which is competitive and high quality, so that it can be sold on the domestic market first and foremost, but may also be put on the external market. Real life will only start when we can create a unified market, when manufacturers produce, and that means people, jobs, high wages, but also deductions, taxes, all kinds of social assistance. That is the essence today.

[Lapina] People are asking how this can be made to happen fast.

[Chernomyrdin] I can tell you right away. It should have been done before. However, given all the issues, how could things be otherwise when we are switching and carrying out such transformations, when Russia's entire economy is moving to new market bases? These issues are thorny and difficult, and are bound up with the level of technology, quite naturally with qualifications, and many other factors such as legislation, with drawing up legal documents, and creating legal foundations. This is today the main thing needed to resolve this problem.

Are things moving? Of course they are. But not, of course, all the changes we would like. However, progress is being made. So everything needs doing, at parliamentary and executive and legislative levels, we have to do everything, and as soon as possible.

[Lapina] We all have to work together as one. For example, many viewers see the reasons for our continuing problems as lying in incorrect and ill thought-out taxation policy. [Minister of Finance Vladimir] Panskov and many governors have been very unflattering in their criticism of the taxation policy, and probably few people have a good word to say in defense of the taxation system. Nevertheless, it still exists in our country. Are there any changes here, what can be done to change it and do things better?

[Chernomyrdin] Well, it might be somewhat improper for me to start heaping criticism on our taxation system like everyone else does, although I think criticism is wholly justified, because the taxation system which is now in place is the same one that operated when we started switching our economy. It has just gained more and more accretions. More and more taxes, such as value added tax and others, have accumulated so that, as I have often had occasion to say, they not only do not act as an incentive to producers, but on the contrary hamper them.

So what are we doing today? Now a new tax code has been drawn up. We have debated it in the government, we are now submitting it to the State Duma, and we shall of course exert every effort — together with the State Duma, with committees, and with all economic organizations — to adopt a new tax code this year. So that on 1 January 1996, we can abolish many taxes. It is quite clear that many taxes are simply hampering things today. However, as I have said, from 1 January 1996 we can switch over to a new tax system. Why can't we do so now? This is also no simple question, I can say that quite frankly. Of course, changing the rules while the game is in progress is also not easy, and essentially should not be done. So a great deal of work is being done, and I think we will abolish many taxes, but this does not mean today — you must understand me correctly....

[Lapina, interrupting] There will be no new code tomorrow!

[Chernomyrdin] There will be a code this year, but taxes and the taxation system are serious matters, we are talking about the life of the country. One cannot say there will be a free-for-all, no, but I must reiterate the fact that I am sure a taxation system should act as an incentive to producing output.

[Lapina] Thank you Viktor Stepanovich, and let us now go over to Tyumen as promised. We are waiting, Tyumen.

[Lepskiy] Thank you, Viktor Stepanovich. I am very pleased to hear about the Tyumen company and the reduction in taxes. We are all always very pleased to hear such news here. I would now like to hand over to Anatoliy Omelchenko, president of the Tyumen regional television and radio company. Go ahead.

[Omelchenko] Viktor Stepanovich, we have been waiting for your visit for a long time, and it is primarily the problems of the oil and gas complex which will be resolved here at the Siberian agreement sitting. However, one important problem is sometimes neglected. The small peoples — the Nentsy, Khanty, Selkupy, Mansi — have suffered most from the reforms in the Siberian north. We understand that Chechnya is the main sore point in the Nationalities Ministry today, but can we ask someone, the premier, about the current poverty in the Tundra? Is there a federal strategy for bringing the small nomadic peoples of the Tundra and Taiga painlessly into the Russian reforms. They have specific characteristics of their own.

[Chernomyrdin] I can tell you now, unambiguously, that as far as the Yamal Nenets District is concerned, our northern regions where the gas industry is working and where I previously had to look into these issues myself, we need to sort out first of all what needs to be done. If you remember we started building towns, we built settlements, we set up and developed factories there. Essentially we did not succeed in doing anything. We have still today not managed to organize a factory for the indigenous inhabitants. We have sent people to Alaska, we have sent people to Norway, and to all of the Scandanavian countries to see what is done there. We sent a delegation to Tyumen. I can give you the names of those who went there. I must say once again: we need to set out, word the right questions, the right program; people need to tell us what has to be done. We the Government, both the Government of Russia and the heads of the region and the autonomous district, must make a decision and do this.

I can only say unambiguously today that all the programs which need to be implemented, everything which needs to be done, all the factories which need to be opened there, it needs to be done and we will do it, and we will provide for all of this beforehand. But you should start doing things yourselves, things should start from there.

[Lapina] Thank you, Tyumen. Stay with us and take part in our conversation. Viktor Stepanovich, let us continue. We cannot avoid the question of Budennovsk. The whole country saw how you made a decision, a difficult decision. You saved thousands of people, but at the price of compromising with terrorists. I personally do not think there was any other option. However, in connection with the new threats, might there not be another Budennovsk in Moscow? There are doubts. What is your answer?

[Chernomyrdin] With regard to Budennovsk, I did what I had to do as chairman of the government, according to my duty. Different things are being said and different opinions are being given about the fact that we made the compromise. I have said and can say again, that when it is a matter of saving our people we must do whatever we can, and will do whatever we can, only not at the price of or under the cover of the lives of people, not hiding behind people. We are obliged to do this and will do it for as long as we are here. That is the first thing.

With regard to the new threats, what can I say? [Words indistinct] behind this, behind everything which happened and happens, including in Budennovsk. People suffered there. I am sincerely sorry. They were not going to Budennovsk but somewhere else — but this does not change anything. So all of the bodies — in particular the administrative bodies — in the localities should do all they can to prevent this. At least at the moment I can tell you frankly, we are doing all we can to prevent it. But first and foremost we need to resolve the question of Chechnya itself.

[Lapina] There were a great many questions about your famous phrase — there are people who provoke. What did you mean when you said this?

[Chernomyrdin] What did I mean? I was talking about the provocation which is very much against the truce, which is very much against a peace settlement, and which is very much against peace in the region. Very many — not many, but some — want and need the waters muddied so that other things can be done. We know about this and about what is being done. These are all sorts of people who provoke, who are shooting, who are organizing rallies today. During the talks — and they are not easy talks, they are progressing with difficulty, they are difficult. Even now there are people in Groznyy who do not like the talks. Who are we doing this for? What are we doing it for? First and foremost we need to stop the military action. We need to put a stop to it.

[Lapina] Viktor Stepanovich, I cannot forget the words of Viktor Astafyev, who said that previous regimes would have destroyed the hospital in Budennovsk with all those who were in it and would have forbidden it even to be recalled. So why are we now resorting to such criticism, forgetting the permissiveness which existed literally only a few years ago? Where is the worthy answer of those people who found the strength within themselves to bring the country out of the morass into which it had fallen?

[Chernomyrdin] There has been enough said about everything for the individual and everything on behalf of the individual. No one made a fuss about this in the West and no one will make a fuss. There were no slogans anywhere there — everything on behalf of the individual for the individual. However, everything was done for the individual. This is what the deep-seated transformations mean. This is what the democratic path of reform on which Russia has embarked means. Our actions are different today. We are not silent but we speak and we show. This is the only way. Nothing else is right. This is why we did not destroy the hospital. That would have been the simplest and easiest of decisions. Everything was there at Budennovsk as well which could have been destroyed. That is why we did not embark on this course. That is why. And let us hope that nothing like this happens again in Russia. So that we could keep it quiet, not show it, cut it off, forbid it, destroy it, including the people? Russia does not need this. There has been enough of it. That is why Budennovsk may be seen as a small example of how things should not be done, or perhaps how they should be done.

[Lepskiy] Viktor Stepanovich, it may seem strange because Tyumen is far from Chechnya. Nevertheless, there are problems, let us say, of an ethnic and territorial nature. Leonid Ivanov, the TRUD newspaper's own correspondent, will ask this question.

[Ivanov] Viktor Stepanovich, you know perfectly well that today there are three equal members of the Federation on the territory of Tyumen region. A policy of separatism is in evidence because there have been attempts to split these members of the Federation into even smaller ones. I am speaking, specifically, about the issues of creating a Mansi Republic on the territory of Khanty-Mansi Autonomous Area, and an autonomy of Siberian Tatars in Tyumen region. What solution do you envisage for this issue, which is complex and topical not only for Tyumen region alone? Thank you.

[Chernomyrdin] In my view, it is difficult to give an unequivocal answer in two words, perhaps. The thing is that, today Tyumen region's structure includes two autonomous areas which are fairly complex. Historically Tyumen region developed precisely from the south; the north received everything from Tyumen, and it is only 20 years ago or a little bit more that major prospecting studies showed that the main wealth was concentrated not in the south but in the north, that is in Khanty-Mansi and Yamal-Nenets Areas. In fact, the main gas extraction is today concentrated in Yamal-Nenets area, while the main oil extraction is today concentrated around the Ob River, shall we say, that is in Khanty-Mansi area. Meanwhile, the entire infrastructure is today concentrated in the south. I am speaking about transport, social things — universities, institutes, hospitals, health care facilities, roads — everything in fact. To divide it all up in one go today, just like that, to start this fragmentation again — we have already done that, and to start splitting up again would bring nothing but harm.

[Lapina] What will happen with the infrastructure if it is divided up?

[Chernomyrdin] Exactly. What already exists is the fact that these autonomous areas are already members of the Federation. However, I would like to reiterate that today we are working in Russia and concluding treaties with members of the Federation on delimiting or on managing the economy, the way it should be done. I do not see anything bad in this. I think that the autonomous areas could do the same with the region, they could sign treaties on some issues. [passage omitted]

[Lapina] Let us return to a problem which television viewers have raised several times and which has also been mentioned in our program. It has been set out quite precisely in the political credo of Russia is Our Home party: The gap between the extreme right and the extreme left. There is a saying somewhere which says that the truth is in the middle. But is this truth realistic now? Politicians are winning points with populist slogans. What can you do here?

[Chernomyrdin] Yes, this is a difficult question for our movement, Russia is Our Home, for a young movement. As is the fact that it is a movement of the center right, and that we really have based and are basing our movement on this, whether we want to or not. However, it is not as if we want to turn people away to the right, the extreme right or to the extreme left. On the contrary, we want to attract healthy forces. That is my opinion, I did not make a mistake, and I can repeat it once again: We want to attract healthy forces to our movement, the Russia is Our Home movement. And I have no intention of hiding the fact that this movement will grow into a party. I am not afraid to say this now. It is not ready yet, but it will grow into a party. There will be this party in Russia which must and will do everything it can to bring order and stability to Russia. And I think there are many people in Russia who want this stability. There have been enough upheavals, enough revolutions. There have been enough.

We do not intend casting anyone aside. I would like to reiterate this. No one intends casting anyone aside. On the contrary, we want to attract people, to attract and involve more Russians in our party. Those who would like and could do and do do everything possible to bring both order and calm to our home.

[Lapina] I think that your potential electorate is nevertheless the middle class, and it is they who need the stability which you are now speaking of, but it is far from the extreme left in our country and from the extreme right. It is this middle class which is developing with such difficulty. Are we not risking the loss of democracy altogether when such a large abyss exists in our country? It has arisen and exists and, as it is fashionable to say, when there is not yet a qualified majority in our country, a middle class.

[Chernomyrdin] Well, you know, I often hear and people often say that Chernomyrdin is setting up this movement to serve a certain middle class. You know, I doubt that it is only the middle class which needs order and stability. I think that, after all, it is what all our people need. But such a class is emerging, a class which wants and builds its own business and businesses. So why should they be against order and stability? Of course, I cannot reject or disregard this fact. However, I repeat that this involves not only the middle class or entrepreneurs, although I am thinking about state, private, cooperative, agrarian, or industrial entrepreneurs. So it is not a simple question.

[Lapina] We will go over to Tyumen now, but first I would like to ask you a question on Tyumen. I have read that in the winter people are freezing in Tyumen, a natural storeroom of oil and gas. Will the situation ever improve?

[Chernomyrdin] They are freezing, first of all, because it is cold over there.

[Lapina] No, they are freezing in their homes!

[Chernomyrdin] Unfortunately, that was the way we developed, we used to take everything from Tyumen and made corridors — and by corridors I mean oil and gas pipelines — in order to take everything to the center of the country, its industrial regions where processing is or was being done. Unfortunately, at the time we did very little in order to provide the population with more gas. But now I think — I cannot answer this question straight away — I know that large-scale work is under way in Tyumen, especially in the south, in Tyumen region's south districts, with regard to installing gas. Anyway, this is what I have been told. When we are in Tyumen we will see, this issue is bound to be raised. We will see how much has been done and what remains yet to be done. But Tyumen and its inhabitants must be provided with heating, no argument on that score. It is absurd.

[Lapina] Now let us link up with Tyumen. Unfortunately, we have very little time left, so you have your last three questions. Please try to be brief. Thank you.

[Unidentified questioner] I have a very simple question. A lot has been said about the Russia is Our Home. People say that it is needed for you to hold on to power. Also, people say that it would be better called Gazprom [state concern managing the gas industry, Chernomyrdin was formerly in charge of it] is Our Home. How do you like it?

[Chernomyrdin] Well, I like it very much. I must say that everything related to Gazprom is very close to my heart, naturally. I have never said this to such a vast audience before, but if only we could organize everything the way it is done in Gazprom — and I have in mind their discipline, order, and precision in work. After all, whatever the circumstances, this is one of the industries which has been working steadily, and not simply working but commissioning new facilities, developing new deposits, solving social issues, and building accommodation. Gas industry workers, and not only they — but wherever they are, and we are, as a rule, in individual settlements and have our own towns....

I believe that everything is being done for the people, and done well. If we are striving to put the country in order and do everything for the people, what more do we need? For me, therefore, everything that is related to Gazprom — I am this kind of man, perhaps, especially as a great deal has been devoted to it — I do not see anything bad in it, nothing bad.

Regarding the Russia Is Our Home movement in general, I believe Gazprom will take part in it. We have not tackled specific issues yet, but I do not think that Gazprom staff should fail to support the movement, and not only Gazprom. It is not for Chernomyrdin's sake. When people speak about a party of government — unfortunately, this is not yet a party of government. What party of government can it be when the authorities and the government are being pushed and attacked from every side? But the country needs a party of government. Power needs firm support. Power must be represented in the State Duma. There is no other way. I do not see anything bad here either. So to mention our movement again, I hope that this movement will take root.

[Lapina] Thank you. Another question, Tyumen, please.

[Lepskiy] We have another question about Russia Is Our Home.

[Unidentified questioner] I will return to my colleague's question on Gazprom is Our Home. I would like to say that we can already draw conclusions, and the fact that you have saved Russia's unified gas complex from Chubays is a very strong move. But why did you fail to do the same with the oil complex? Viktor Stepanovich, an extraordinary thing is in evidence today. There are three federal anti-monopoly committees straddling one pipeline. The militia manages somehow to operate within a single space, but there are three procuracies, three other institutions. The figure three has become fateful for Tyumen. Is it not the right time to intervene and to put these unruly entities under one roof, and to set up a regional government? Moscow and St. Petersburg have such governments. After all, the region is unique.

[Chernomyrdin] I agree with you on everything. It should have been done long ago. The three should have sat at one table long ago and made many decisions. People are right to say this today. What are we talking about? Each area, that is two autonomous areas, I believe, in Tyumen region have their own procuracies and courts; militia and interior bodies are unified there, this is correct. However, this is perhaps applicable not only to law enforcement bodies. There are many things which today could be, if not unified then at least arranged in such a way that people know where to go without encountering obstacles, that there are no new customs committees or customs borders in every place, or anti-monopoly or other bodies. After all, this is one region, one place. There is work for everyone there. I absolutely agree with you. There is lots to discuss and decide. And I hope that the heads will eventually understand that today people should gather rather than throw. Today each of us should think not about his post, but about our people, how they should live. Will we end up in a situation whereby people will need special documents to move from Surgut, Urengoy, or Nadym? It is absurd.

Yes, we managed to keep Gazprom at the time. Unfortunately, we failed to keep the oil industry in the same shape, perhaps not necessarily in the same shape. However, I repeat, that everything is not lost, and today there are somewhat different structure and conditions there. Good and powerful companies have already been set up. A Tyumen oil company will be set up. In my view, oilmen are tough and strong people. The oil industry and the oilmen will yet have their say. I believe that nobody says a bad word about oilmen in Russia nowadays. Those times are in the past.

There are difficulties and problems. You have fires and spills today, but this is the everyday life of production from which one cannot hide. Decisions should be made. I must say that today the oilmen are doing a lot in order to solve their own problems. And they are solving them. They are already producing equipment and technologies. We have such technologies for developing oilfields today which are second to none. There is a shortage of equipment, but we will get enough of it with time. That is all I can say and to greet our oilmen, especially Tyumen oilmen naturally, because they are special, their conditions are special. Tyumen means very much to us. Especially with regard to the oil industry. I think that everything will be okay.

[Lapina] Thank you. Thank you Tyumen. I really do have to look at the time now, we really have come to an end. Thank you very much for your cooperation. Viktor Stepanovich, I of course understand that what is done never fully coincides with the plan. That applies to what we have discussed today. So, what would you like to say in the remaining minute which you have not managed to say in the program? Incidentally, the viewers of our program, the "How Shall We Live" program, have several times expressed a wish, the wish that the premier of the government should seek an answer with them to this sacred question: How shall we live? How do you feel about this?

[Chernomyrdin] I feel good about it. I have never organized my work so that I, Chernomyrdin, have the last word. This is not necessary and should not happen. It is a completely different matter that we should more often discuss questions and take advice from the people. Who are we doing it all for, and what are we doing anyway?

[Lapina] Well, we are prepared to give you this opportunity, to set up a television bridge with various people.

[Chernomyrdin] This is the first time that I have taken part in such a program, with the people of Tyumen, the first time. Let us say that the first step has been taken. The more we communicate, the less we will make mistakes.

[Lapina] Thank you. Thank you Viktor Stepanovich. I think that this meeting really was of mutual use. I thank you for finding time to take part in our program. Thank you once again.

[Chernomyrdin] Thank you.

[Lapina] I thank my colleagues in the Tyumen studio and thank all of those who helped to organize our television contact. Goodbye.

Chernomyrdin's Forthcoming Engagements Listed

LD1807103595 Moscow ITAR-TASS World Service in Russian 1007 GMT 18 Jul 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 18 Jul (ITAR-TASS) — On 19 July Viktor Chernomyrdin, head of the Russian Government, is to address the State Duma on the socio-economic situation in the country and the results of the government's work in the first half of the year. The ITAR-TASS correspondent learned this from Viktor Konnov, the premier's press secretary.

On the morning of 20 July V. Chernomyrdin leaves for a two-day working tour of Tyumen Region, where he is to visit the town of Surgut and the city of Tyumen.

The ITAR-TASS correspondent has learned from sources in the "Russia is Our Home" public political movement that on 22 July V. Chernomyrdin could take part in a research and practical conference and a meeting of heads of regional branches of "Russia is Our Home" which is to be held in Moscow.

Head Chechen Delegate: Peace Accord in 'Near Future'

LD1707204095 Moscow Russian Television Network in Russian 1600 GMT 17 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] Russian Prime Minister Viktor Chernomyrdin held consultations with Vyacheslav Mikhaylov, head of the Russian delegation at the Groznyy talks. Mikhaylov told ITAR-TASS in an interview that the main provisions of the future peace agreement had already been agreed upon, and this document might be signed in the near future.

Touching upon the key issue of the talks — the future status of Chechnya — the head of the Russian delegation noted: None of us can assume the responsibility of clearly defining it. This right belongs only to those who will be elected by the Chechen people themselves at the forthcoming elections in November. As has been reported before, the sides came to the conclusion that following the free elections new talks will be held on the division of powers between the federal authorities and the regional bodies of power in Chechnya. Mikhaylov noted that Chechnya should have a special status that will not contradict two conditions — the integrity of the Russian Federation and the principle of self-determination. The combination of these two conditions will become a basis for a compromise decision. He also recalled that the status of Chechnya should be determined by the Constitution of the Russian Federation and the constitution of Chechnya itself. However, the existing constitution of the Chechen Republic of Ichkeria has not been recognized by anyone and, therefore, does not have force. The talks will resume at the end of the agreed technical break connected with the illness of Usman Imayev.

Court Hearings on Chechnya Enter 'Final Stage'

LD1707172995 Moscow ITAR-TASS in English 1657 GMT 17 Jul 95

[By Igor Belskiy]

[FBIS Transcribed Text] Moscow, July 17 (ITAR-TASS) — The Chechen crisis showdown in the Russian Constitutional Court moved into its final stage on Monday with the parties detailing their concluding statements.

The hearings have been called in response to Federal Assembly deputies' lawsuit challenging the constitutionality of President Boris Yeltsin's decision to send troops to Chechnya.

Yelena Mizulina, deputy head of the Federation Council (the upper house of parliament) for constitutional legislation and judicial and legal issues, told the Court that the representatives of the president and the government failed to counter the plaintiffs' arguments that the use of force in Russia is unlawful unless it occurs in conditions of a state of emergency or martial law.

She also said the defendants used the law selectively to suit their own purpose.

Mizulina stressed that a secret presidential decree of November 30, 1994 can be considered as his consent to the imposition of a state of emergency in Chechnya. However, the procedure established for such cases was not observed — the Federation Council was not informed about the decision and the decree was not published. All this provides enough ground to consider the decree unconstitutional, she said.

Another presidential decree of December 9, 1994, also subject to consideration by the Constitutional Court, runs counter to three articles of the Russian Constitution. She also blasted a governmental resolution issued last winter to follow up on the presidential decrees and termed it unconstitutional.

The present law provides for imposing a state of emergency in individual localities within the Russian Federation even if there are no bodies of power there. Mizulina pointed out that the president's representatives could not use this provision to justify the move which she described as the introduction of "special rule."

In addition, she argued, the regime of martial law, which allows infringements upon the constitutional rights of the individual, can be imposed only in the event of aggression.

Duma deputy Yuriy Kalmykov, former Justice Minister, cited the Law "On Security" which allows the president to take measures to ensure the country's security "only within the limits provided for in the law."

Another Duma deputy, Anatoliy Lukyanov, former Soviet parliament speaker and one of the leaders of the August 1991 failed coup attempt, is expected to speak on Tuesday.

Then Vice-Prime Minister Sergey Shakhray who represents President Yeltsin will give his concluding speech.

Yeltsin Updated Daily on Proceedings

LD1707180095 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1500 GMT 17 Jul 95

[FBIS Translated Text] Yuriy Baturin, assistant to the Russian Federation president, said in an interview with the Ekho Moskvy radio station that he informs Boris Yeltsin daily about the Constitutional Court sessions.

"There are no instructions or corrections to our activity. He simply follows how we are working and the progress of the court," Yuriy Baturin emphasized.

MVD Chief: Future Internal Conflicts 'More Likely'

MM1707193995 Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 95 p 2

[Interview with Colonel General Anatoliy Kulikov, minister of internal affairs, by Vladimir Yanchenkov; place and date not given: "Anatoliy Kulikov: I Do Not Rule Out Internal Conflicts" — first paragraph is ROSSIYSKAYA GAZETA introduction]

[FBIS Translated Text] At the final stage of the negotiations for a peaceful settlement of the conflict in the Chechen Republic, our correspondent interviewed a member of the Russian Federation Government delegation — Doctor of Economic Sciences, Colonel General Anatoliy Kulikov, Russian Federation minister of internal affairs.

[Yanchenkov] Anatoliy Sergeyevich, you have until recently been in command of the combined group of federal forces in Chechnya. How would you assess the teamwork of the units and subunits of the Armed Forces and the internal forces in this military conflict?

[Kulikov] First, this is the first and only experience our country has had in its entire history of the Russian Armed Forces' carrying out combat operations jointly with Russian Ministry of Internal Affairs [MVD] Internal Troops in accordance with a single plan and under a single command. This unique experience should not under any circumstances go to waste. It should be studied carefully, used to draw general conclusions, and applied as a basis for training troops for similar conflicts.

Both the Armed Forces and the MVD Internal Troops should draw conclusions, as our experience in the Chechen conflict has shown that our new doctrine is well founded.

The system of training officer cadres has also proved that it is viable. But I consider that the aspiration of other types of troops to have, say, their own military academies is mistaken. We train the Internal Troops' officers in Defense Ministry military academies. This, in our view, is justified. The commanders of the units and subunits of the Armed Forces and Internal Troops which have been in action against Dudayev's illegal formations in Chechnya understand each other completely, as they trained together, studied the same military science syllabus, and studied under the same instructors. But just imagine what would happen if this were not the case. They would be rushing about like headless chickens. It is actually hard to imagine what might happen.

Why do I also think that the experience gained by the Armed Forces and the MVD Internal Troops in the combat operations should be studied carefully and general conclusions drawn from them? Because we cannot unfortunately guarantee that such conflicts will not happen in the future. I cannot, of course, rule out the possibility of major armed clashes with an external enemy in the future. Our forces must always be ready to repulse any armed attack on our homeland. Nevertheless, I consider that it is various kinds of internal conflicts that are more likely to occur in the future.

[Yanchenkov] Do I take it then that this fact will be reflected in the new blueprint for the ministry's activities, which you have, as we know, instructed the main administration chiefs and their deputies to produce?

[Kulikov] Of course it will. But in setting them this task I wanted to see how experienced, professional senior MVD officials regard the problems of the new blueprint. I want to get suggestions and ideas about it from them, so that afterward I can once again analyze everything, draw general conclusions, and determine the main conceptual thrust of our work.

Taking into consideration not only the present sociopolitical situation, but also longer-term forecasts, say for the next 10 years, we should work out what kind of MVD structures there should be and for what we should be preparing. Is it, let us assume, necessary for each main administration to have its own special-purpose units? If so, what kind should they be and what level of technical equipment should they have?

[Yanchenkov] As we know, crime in the country is on the increase in spite of all the measures being taken by the MVD. What do we have here — the inevitable downside of a transitional period, or indeed the law-enforcement agencies underperforming?

[Kulikov] I am a realist. I am very well aware that, having been plunged into a different socioeconomic system, we cannot count on a quick and efficient reduction in the crime rate, however strange this might sound at first. Take the United States — a country of long and firm democratic traditions, which is flourishing economically and has never during its entire history experienced such sociopolitical and social disorder as Russia. But, just imagine, in terms of its annual crime statistics the United States is way ahead of us. Every year more than 10 million crimes are committed there. Whereas in Russia about 3 million crimes have on average been committed annually over the past two years.

True, from a structural viewpoint crimes committed in the United States differ from ours. In Russia there is a much higher percentage of serious and very serious offenses among all the crimes committed.

I think that a trend toward a fall in the percentage of serious crimes among all the offenses committed will in time also prevail in Russia, but for this to happen police officers must do some sound work. We simply have a duty to do this.

I am very well aware that these problems cannot be solved at a stroke, overnight. What do I see happening in the future? First of all we must step up the fight against street crime. We can do this today with what is available, without having to invent anything new.

Our paramount task is to make the population of cities and other population centers safe. Indeed, it is awful to think that our women, children, and old people and even strong men are afraid to go out after dusk, and ROSSIYSKAYA GAZETA is correct to write about it. Often the entire family even takes the dog for a walk, taking with it something to afford protection against hooligans and bandits, what is more. We can and must protect people — not by increasing the number of personnel but through skillful, efficient, professional organization primarily of patrols, posts, and officers on duty and by constantly monitoring their activities.

One Sunday I had occasion to visit a Moscow police station. There were four or five men on duty. What could they actually do? What good was that?

I want to stress that we can gain a vast amount by making these services work efficiently and smoothly.

[Yanchenkov] What do you think of the fact that for various reasons a large number of the best personnel have left the MVD and gone to various commercial structures? And what is being done to strengthen ministry cadres?

[Kulikov] This adverse trend is apparent not only in the MVD, but in other departments as well, such as the Defense Ministry and the Federal Security Service. As for the police, very effective measures are being taken.

First, the professional training of new police cadres has been intensified. Several tens of thousands of armed forces officers — competent, well trained people — have joined the ranks of the police. Of course, they are trained in specific police tasks. But, believe me, an Army officer already has sufficiently thorough training in military terms and it does not take him long to master police tasks.

Of course we still have many personnel problems. I know from the materials of the latest collegium session that there is an acute shortage of investigators and crime experts. But this problem is eminently soluble as well. Without increasing staff numbers at our training establishments we will increase the training and output of officers for the understaffed professions, and we intend to open a new department at our Saratov training center to train crime experts in the most complex specializations.

I must say that there has been a positive trend of late: Many of the professional police officers you talked about have come back to the MVD.

[Yanchenkov] Finally, what do you do in your spare time; what are your recreations?

[Kulikov] I am desperately short of spare time. But when I have a minute I like to make things at home. I have a large collection of tools and a lathe, and I bring home some instrument from every trip.

Dudayev's Moscow Representative Released From Custody

LD1707191695 Moscow INTERFAX in English 1758 GMT 17 Jul 95

[FBIS Transcribed Text] Moscow, July 17 (INTERFAX) — The Russian Prosecutor General's Office has ordered the release of Khamat Kurbanov, Dzhokhar Dudayev's representative in Moscow, for lack of evidence on which to charge him, State Justice Councillor, Second Grade, Mikhail Katyshev, head of the investigation department under the Prosecutor General's Office, told INTERFAX.

Kurbanov had been detained by the Moscow regional Organized Crime Board on June 17 for thirty days, under presidential decree No. 1226. He has been held at the detention center on 38, Petrovka St.

Kurbanov had went on hunger strike to protest what he claimed to be his illegal detention and lost 20 kilograms, Vladimir Bolmasov, one of his attorneys, said.

Kurbanov was released at 18:45 Monday, Mikhail Stepanov, another attorney for Kurbanov told INTERFAX.

Kozyrev To Remain 'At Least Through Year's End'

MM1807083095 Moscow KOMSOMOLSKAYA PRAVDA in Russian 18 Jul 95 pp 1, 2

[Report by Ravil Zaripov: "Will Minister Kozyrev Be Put Out of Play?"]

[FBIS Translated Text] Is Andrey Kozyrev worthy of the foreign minister's seat, and is it not time to remove him? This has become an eternal issue for the State Duma. At the end of last week, on the initiative of the Communist faction, the deputies were to have discussed the question of the effectiveness of the work of the Ministry of Foreign Affairs and of Andrey Kozyrev personally. By chance (or not?) this initiative coincided with rumors which were being spread around editorial offices that the matter had supposedly been virtually decided — Andrey Kozyrev was to go.

So the "Kozyrev" discussion never took place. Evidently wishing this time to really tackle the Foreign Ministry, the chamber entrusted four committees with preparing the question, and they in turn turned for support to institutes and departments dealing with international problems.

It was proposed to assess Russia's policy in the near abroad, in the Asia and Pacific region, across the ocean, and in Europe with regard to ensuring its national interests. Tremendous work, requiring expenditure of time and effort. Many people were surprised, however, when the LDPR [Liberal Democratic Party of Russia] faction demanded that the question of the Foreign Ministry be discussed literally at once — within the framework of the "government hour." This was despite the fact that many institutes had not had time to prepare expert appraisals of the questions sent to them. In this situation the LDPR initiative, strange though it may seem, was to Andrey Kozyrev's benefit, since it reduced the discussion of the issue to an ordinary skirmish conducted from microphones. Thanks to the efforts of several factions, another superficial show was avoided. The discussion was postponed until the fall.

Can Andrey Kozyrev recover his breath? Yes and no. "Our committee does not identify the Foreign Ministry with Andrey Kozyrev. The approach is different. The deputies know of the ministry staffers' low material security and of the serious cadre losses that the Foreign Ministry has suffered. The attitude toward Kozyrev is more than cool. The main complaint is that under the conditions of the crisis which Russia is experiencing, foreign policy must be particularly sound and consistent, without shying from side to side, with calm yet, at the same time, firm protection of Russia's interests," Vladimir Averchev, secretary of the International Policy Committee, told KOMSOMOLSKAYA PRAVDA's correspondent. Nevertheless, the deputy was very skeptical about the rumors of the minister's resignation: "If this happens, it will be without the Duma's knowledge. Like a toothless old woman, it will grumble and look round at the master. Suddenly it will really hear and decide."

People in the Foreign Ministry itself regard Kozyrev's position as quite stable. In the opinion of one high-ranking diplomat, the minister will remain in his post at least through year's end. Cadre reshuffles in the immediate future will be connected with the homecoming of over 10 Russian ambassadors, for whom appropriate posts will be found. Speaking of Kozyrev's possible replacement by Primakov, the diplomat remarked that "these rumors have been going around the ministry for over a year. But Yevgeniy Maksimovich made it clear at one of the Foreign Ministry leadership's meetings with the leadership of the Foreign Intelligence Service that he was content with his post and was not intending to change places," the source told KOMSOMOLSKAYA PRAVDA's correspondent.

Popular Discontent With Power Seen Welling Up

MM1707142695 Moscow PRAVDA in Russian 14 Jul 95 pp 1, 2

[Article by Anatoliy Baranov: "This is Beyond the Level of the Director of Yeliseyev's.... Investigation En Route to the Ballot Box"]

[FBIS Translated Excerpt] On Wednesday the tradition of the Russian representative power to express no-confidence reached Federation component number one — the Moscow City Duma tried to express no-confidence in Anatoliy Solovyev, general director of Moscow's health protection department, and at the same time remove Speaker Platonov, replacing him with Deputy Stankov. [passage omitted]

The accusations made against Solovyev were severe and were not new — last year enough of these accusations, corroborated by investigations, had built up into a fat file which in fact was reproduced almost in its entirety by the control and auditing chamber of the city duma along with an eloquent resume — the damage to the city budget from the activity of the present general director of the Health Department has constituted almost 25 billion rubles [R]. Behind all this you can trace a pretty selfish intention. First of all, money for the purchase of medicines is transferred to some completely shady firm, which, after playing around with it for about a quarter, cannot even be bothered to guarantee the entire delivery which has been fully paid for from the budget. Then, at a time when physicians' wages are being held up, large sums of money are sloshing about in the Moscow Government's official bank.... Generally speaking, under Comrade Andropov the director of Yeliseyev's [Moscow foodstore famous since prerevolutionary times] was shot for far smaller violations in his work. But now such cases do not interest the prosecutor's office, and everything ends with measures of social influence, so to speak. They give people warnings: They say that you been so careless....

The game of voting is one of the most attractive games of today's democracy. A skillfully conducted ballot can turn black into white and vice versa in a flash. [passage omitted]

Why is the prosecutor's office dispatching a second report on Stankevich, who is suspected of having received a miserable bribe of $10,000, but is silent about Solovyev, whose debt to the motherland constitutes over $5 million at the current rate of exchange and whose case involves a far greater sum in cash? And after all, the director of a department has no deputy's immunity.

In the face of such electoral deafness in all the branches of power, the emergence of extreme forms of social protest are absolutely inevitable.

"Kill Chernomyrdin" — that was the title of an article I wrote together with Aleksandr Lyasko which caused a big stir in July. The basic idea that people who do not see a lawful way out of a situation, but who are capable of acting, will seek a solution outside the framework of the law for some reason appears provocative both to the Communist Yuriy Ivanov, and to Georgiy Satarov, the president's ex officio supporter. Whom am I provoking, and to do what?

The article "Kill Chernomyrdin" was given the maximum number of reader approval points in a poll which EKHO MOSKVY has been conducting. And this in the Moscow region, where the print run of KOMSOMOLSKAYA PRAVDA, in which the article was published, is by no means the greatest. I can imagine what is happening in the provinces. And after that, does the "Russia Is Our Home" electoral bloc intend to enter the elections in a country where the maximum number of readers have just voted for the "Gazprom premier" to be killed? Let us imagine for a minute that, like in Armenia, by hook or by crook, to the approval of Organization for Security and Cooperation in Europe observers, "Our Home" gains the majority at the December elections.

Subsequent logic is simple, it could not be simpler. If the former student land manager Shamil Basayev, who joined the rally outside the "White House" back in 1991, has turned, under the influence of circumstances, into a terrible and elusive terrorist-saboteur, then what can be said about the hundreds of thousands of cadre and retired KGB and Main Intelligence Directorate officers, whose home is by no means "Gazprom?" Why do the "new Russians" naively think that you can live happily ever after in a destitute and dying country? Or maybe they are still hoping for a place in the world where they can flee with no risk of one day finding themselves with a soldering iron inside their anus and hearing a professionally insinuating voice asking you to return the money to the motherland? The "death squads" in Latin America came into being as a defensive reaction by part of society to the general decay. And what difference will it make if they are created by special section "F," another special section, or by a group of individuals who have gathered to mark Soviet Army Day.

Strange as it may seem, we have obtained indirect confirmation that we are right from the same Moscow City Duma, where an analysis group has been working for some time and which has, so it turns out, come to the same conclusions as our interlocutor from the "Feliks" group. It must be said that he is a completely real person and is not even keeping his identity specially secret.

In our country blatant fabrication is pretty often taken to be the truth, while the utter truth is seen as lies. However, the truth in our country is frequently far more staggering than any fabrication. An article recently appeared in that same KOMSOMOLSKAYA PRAVDA which was signed "Ivan Kuznetsov, or maybe John Smith." It also concerns a certain conversation with a certain lieutenant colonel of counterintelligence on the drugs mafia and the infiltration of shady business into the upper echelons of power, and so on. By and large, this does not look anything like the truth, and it was presented as a "canard...." The trouble is that I was present at this conversation between the KOMSOMOLSKAYA PRAVDA correspondent and the lieutenant colonel — two hours' worth of lethal information which you could neither confirm nor check. It was all true, but it is only possible to publish parts of it, and by no means the most interesting parts. Which way is the prosecutor's office looking? Sodom and Gomorrah occurred because the Lord could not find 10 righteous men in these cities. The Moscow within the Garden Ring is approaching this state.

And incidentally, wittingly or unwittingly the Communists are playing into the hands of this process. Alas, at the last elections the Communist Party of the Russian Federation [CPRF] concentrated on the federal organs of impotent power and simply lost sight of the Moscow City Duma. There was simply no CPRF list. As a result, the only deputy in the capital who maintains that he has 25 years' service in the party and is proud of it is Stankov, who yesterday once again lost the fight for the speaker's seat.

Thanks to the servility of the city duma to City Hall and Luzhkov personally, the city deputies have been allowed far closer to the real running of the city than the State Duma or Federation Council deputies. Not to mention the fact that the city duma has one chamber and only 35 deputies — on the one hand, the mayor or his aide can call around everyone on the eve of an important ballot or even reprimand them. On the other hand, the role of each of the deputies is very significant, and a good half of the important decisions are passed by a majority of two or three votes. In a duma like this even three deputies means a significant faction, but, alas, in today's city duma there is only one faction — Russia's Choice. And judging by the lack of electoral activeness by the left at the municipal level, a similar situation awaits us in the next city duma. And independent left-wing candidates have practically no chance — many commercial structures have already understood how well integrated into power the Moscow deputies are. Every lobbyist in the Moscow City Duma is literally worth his weight in gold; the elections to the Moscow Duma are expected to be even more expensive than those to the State Duma. But who will want to pay for the campaign of a left-wing — and, what is more, independent — candidate?

Situations like the Solovyev story are automatically programmed into the mechanism of duma life. The petty rebellion of the present deputies cannot deceive anyone any more, and just what legitimate way of changing the situation is being offered to today's citizen? Open mockery of that sense of justice which is characteristic of our people more than any other will inevitably generate a reaction similar to the reaction of other peoples who have already learned this lesson. But amended to read "a senseless and merciless Russian revolt."

PRAVDA Criticizes Acceptance of Government Line

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[Article by Academician Stanislav Shatalin, president of the "Reform" Foundation: "Moment of Truth for Vyacheslav Nikonov. Come Clean, Deputy"]

[FBIS Translated Text] The country is rapidly being drawn into an election race which will not end until the middle of next year, when the new Russian president is chosen. This is not only a time of an explosion in political activeness. It is also a moment of truth. Finally the politician reveals his true face, views, and civic stance. In connection with the formation of the new pro- government "Russia Is Our Home" bloc a well orchestrated propaganda campaign has been launched in the mass media over the past two months designed to rehabilitate the V. Chernomyrdin cabinet's socioeconomic policy. Increasingly often the view is being expressed that there is no alternative to that policy and that it is an objective necessity.

In this harmonious chorus by no means the least important voice is that of V. Nikonov, a State Duma deputy from the Party of Russian Unity and Accord. He made his position fairly transparent when speaking in the parliamentary debate on the vote of no confidence in the government as well as in a subsequent television debate on this issue with S. Glazyev [chairman of the State Duma Committee for Economic Policy] in the "One on One" program. V. Nikonov began by emphasizing the futility of a confrontation between the government and the State Duma in the present conditions. At the same time the urgent need to find a compromise between the different branches of power was comprehensively stressed.

A readiness for compromise is a highly valuable quality for a practicing Russian politician because, as we all know, politics is the art of the possible. This is especially relevant in our contradictory times, when the vast bulk of the country's population have simply grown tired of the endless strife, the criminal anarchy, and the fundamental lack of confidence in the future. It would be irresponsible to "rock the boat" now merely for the purpose of emphasizing yet again one's allegiance to the opposition and scoring more points in the eyes of the future electorate.

However, this is no substitute for a sense of civic responsibility and the ability to assess objectively the present-day socioeconomic situation in the country. It is one thing to challenge the specific political technique of a partial or complete cabinet reshuffle within the preset constitutional framework and the tacit rules of the political struggle. But it is quite another matter to talk about the lack of alternative to current policy. In his recent interview for PRAVDA on the resolution of the conflict between the legislature and the executive, V. Nikonov was quite clear when he spoke about the fundamental impracticability of all the alternatives to the government's programs for a way out of the economic crisis, including the program put forward by S. Glazyev, chairman of the Duma Committee for Economic Policy.

V. Nikonov is well known as a current affairs writer and political scientist. However, his professional training hardly allows him to claim to be the ultimate authority on such a specific question. The paths for the development of the economy in the Russian-style transitional period are many and varied and depend crucially on specific state instruments for the regulation of the national economy as well as an awareness of the ultimate goals of the reform process. Consequently such a peremptory statement, to put it mildly, provides evidence of this deputy's political loyalties.

Everyone knows that in its essentials the present government's economic program hardly differs from the monetarist course of Ye. Gaydar, whose position was that there is no alternative in principle to the radical liberalization of the Russian national economy. Only the blind can fail to see that such a policy is hopeless and fraught with very grave consequences for our society. The succession of attempts at "financial stabilization" have suffered an inglorious defeat which has dragged the country ever deeper into the abyss of systemic crisis. This year has been no exception to that rule. That is demonstrated not only by the conclusions of the vast majority of Russian and foreign experts not committed to the government, but also by the impartial data of the State Committee for Statistics on the interim macroeconomic indicators for the first five months of this year.

There is another reason why such emphatic loyalty from V. Nikonov to the Chernomyrdin Government and, consequently, to the "Russia Is Our Home" election bloc is surprising. After all, the very well informed mass media quite unambiguously singled him out among the main ideologists of the I. Rybkin election bloc that is being formed right now. Logically speaking this left-center movement ought to adopt a well-balanced but at the same time objective and in civic terms honest stance toward the government's economic course and should consequently campaign for its fundamental amendment.

V. Nikonov's statement, to all appearances, means that he has made his final choice as a politician and a citizen. That is his personal affair and no one has the right to reproach him for it. However, given that for a long time he collaborated very productively with the "Reform" Foundation, we consider it our duty to state that his viewpoint is fundamentally at variance with the Foundation's position on the key questions of implementing the reforms in our country.

Editorial Office Note

Well, everyone is entitled to the truth. But the programs designed to extricate the country from crisis have a bizarre history. An author or group of authors only have to announce their program and it is bombarded with criticism from all sides. Of course, the underlying principle here is that there are two opinions — mine and the wrong one. The result is that right is on the side of those in power. But perhaps the authors of the programs and draft laws should get together even now and discuss them? PRAVDA is ready to provide the conditions for that.

Shokhin on 'Russia Is Our Home' Platform

MM1807104195 Moscow RABOCHAYA TRIBUNA in Russian 15 Jul 95 p 2

[Interview with Aleksandr Shokhin, "economic ideologist" for "Russia Is Our Home," by Viktor Yurlov "last week;" place not given: "Life Dictates Reform of Ideology of Reform" — first two paragraphs are RABOCHAYA TRIBUNA introduction]

[FBIS Translated Text] Aleksandr Nikolayevich Shokhin, a well known statesman of the reform period, has been invited to serve as chairman of the program commission to elaborate the platform of the "Russia Is Our Home" movement. Interestingly, he did not take part as a notable in the movement's founding events. Moreover, he used to be a member of the PRES [Party of Russian Unity and Accord] bloc, which has joined the movement as a collective member. Maybe this fact prompted him to decide to become an independent deputy and to run for a first-past-the-post district in the upcoming elections. After a number of consultations he received an invitation from V. Chernomyrdin to work for the new movement as an economic ideologist, and maybe more broadly too. The point is clearly that the economic wing of the new movement is rather sparsely populated. A. Chubays, Ye. Yasin, and V. Panskov have proclaimed themselves to be nonparty professionals. And Aleksandr Shokhin appeared to be, as it were, someone from outside who can objectively carry out this job.

Aleksandr Nikolayevich was RABOCHAYA TRIBUNA's guest last week. In his characteristic thoughtful manner he endeavored to give honest answers to all the questions from RABOCHAYA TRIBUNA journalists. The following piece is prepared on the basis of this conversation and the draft program documents of the "Russia Is Our Home" movement.

When the Premier's Position Is Worse Than a Governor's

[Yurlov] Aleksandr Nikolayevich, what were your feelings when you accepted the premier's offer? Respect? Or did you have to give the matter some thought?

[Shokhin] It was a difficult decision. So far as I am concerned the point of the new job is that my personal position can influence the elaboration of final decisions and documents and the leaders' behavior. Assurances to that effect were given, and I agreed. We agreed with V. Chernomyrdin that the movement's program would not be the government program set out in the language of slogans. It would be documents with various contents.

The government is now to some extent a coalition, since it includes nonparty professionals, the Agrarian Party, and "Russia's Choice." And in this connection the "Russia Is Our Home" movement can and must proclaim its own position, one which does not totally coincide with the government's action program. Of course, the premier cannot tear himself in two and implement two different lines. But nevertheless, the movement can have its own special positions and nuances. At any rate, the movement's leader should more clearly identify his own views and ways of solving existing problems so that he can then implement them as premier.

Work to prepare the platform is independent. We may formulate some ideas that are not shared by government functionaries and can serve as the basis for the government's activity for the next few months and even years, when you bear in mind that the program is for the next four years — the period of the work of the new State Duma.

The premier, as the movement's leader who must inject the new ideas into the government's activity, is in rather a complex position. All his rivals will try to win so they can implement their own programs. And a premier who has his own program different from the government program and who is awaiting the moment to implement it is an ideal target for critics, if only because he will be reproached for missed opportunities. Because if he is ripe to make any adjustments, these must be made in September-November, not in January of next year.

In general, the premier's position in the struggle for power is always rather complex. For instance, when [French Premier] Balladur took part in the presidential elections, his position was definitely worse than Chirac's, despite the fact that they had no ideological disagreements. Of course, the premier's position also has its plus points, because you can publicly speak out on matters of current policy and build up your popularity. But any actions may also play an opposite role. And meanwhile the opposition can always criticize those actions. And base its election campaign on the government's mistakes.

There indeed you have a position that is worse than a governor's.

The Liberal Stage in the Reform of the Russian Economy Is Over

[Yurlov] The proclaimed economic program geared to emancipating market forces has essentially been fulfilled. What next? Does the movement have a clear program?

[Shokhin] There is still no program as an official document. The following modus operandi is proposed. First of all a draft will be prepared, dealing with all issues — not just economic matters. Then a conference will be held in late July, more of an academic conference than a political one, to discuss proposals from regional branches, ordinary members, and the movement's intellectual elite. And only after that will the program of the entire movement as a whole be elaborated, not some program reflecting the views only of "clever people in Moscow." In August the resultant draft will be presented to the movement's congress, which at the same time will draw up the federal and regional lists of candidate deputies and candidates for first-past-the-post districts.

Various people are represented in the movement itself. If you assess the governors' political views, it is clear that some are more liberal figures, some are more conservative. Our task is to elaborate within the framework of a single platform a middle line that people with differing views can espouse. From the economic viewpoint the main task is to formulate the content of the next stage of economic development. The main idea here is as follows: The liberal stage of the reform is approaching an end. Not, of course, in the sense that we should abandon ideas of financial stabilization and the struggle against inflation. The point is that the three-year phase in Russian economy's development aimed at emancipating market forces and creating the elementary basic infrastructure of a market economy is ending.

The content of the next stage, which will cover several years, lies in an orientation toward stable economic growth on the basis of the accumulation of national capital. That is one of the program's main slogans.

Another key slogan is connected with the strengthening of the state's role. We are sincerely convinced that unless the state's authority and the role of power structures are strengthened market reforms and a market economy will be unable to protect players in market relations both from arbitrariness on the part of managers and from mafia structures, which are clearly hampering the civilized development of the market. This is a state line, and it will be the leitmotiv of many sections of the program.

First, there is the squeezing out of the shadow economy. I myself once wrote pamphlets about the fight against the shadow economy. Nowadays we understand this somewhat differently. Above all it means tax evasion. If 40 percent of income escapes the tax system, that percentage of the economy can clearly be described as the shadow economy. Incidentally, this is one of the reasons why, despite the terrible figures for the slump, there is no crash. A considerable proportion of the economy is not registered and pays no taxes, which enables enterprises and entire production facilities to survive. Clearly, this system is dangerous to the state and an evasion of the legalization of your business. If taxes were paid in full, several tens of trillions of rubles could be added to the budget. And many social questions could be resolved.

The moral aspect is equally important. In our country the normal type of behavior on the part of commercial structures is deception of the state. The formation of a new semicriminal type of commercial activity is very dangerous. We must secure a change in the tax system. We must ensure that it is more advantageous to pay taxes than to avoid them.

Moreover, we must develop the network of law enforcement agencies, which because of their weakness are now essentially being replaced by parallel law enforcement structures. It is sometimes easier to get hold of the huge payment arrears that your newspaper has written about by resorting to the services of bandits rather than by using courts of arbitration. Especially as there is no effective system for implementing courts' decisions.

Thus there is no contradiction between the development of market relations and the formation of strong state structures. Moreover, these are highly compatible. Unless market state structures become stronger in the very near future, we will not obtain civilized market relations. The "Russia Is Our Home" movement cannot ignore this problem.

If you had confronted the state apparatus with this problem three years ago, it would have immediately returned to what it knew how to do and was accustomed to doing before — distributing and redistributing resources and issuing orders to economic players. The enforced pause has made it possible to refocus the apparatus on democratic control over market players. These new state functions cannot be confused with the old ones. While the old ones were based on punitive, administrative sanctions, we now attach paramount importance to judicial organs. And they must be developed.

The Potential for an Economic Upsurge Has Now Been Established

[Yurlov] This year, against the backdrop of the general decline in production, sectors have emerged where there is an upswing — the fuel and energy complex, nonferrous and ferrous metallurgy, the chemical and petrochemical industry. There are also signs of an upswing in construction. Even if these factors are a matter of pure chance, can they be consolidated and transferred to the economy of the country as a whole?

[Shokhin] Clearly no platform of a movement in which the authorities are very strongly represented can ignore the social price of the reforms. Here, on the one hand, there is a clear pattern — social stratification, growing unemployment, and other problems of the period of depression can be effectively resolved only on the basis of an economic upswing. They cannot be resolved in conditions of recession, say by expropriating the expropriators and by following Zyuganov's recommended principle of stealing the proceeds of robbery, these ideas will not last long. So we must gamble as much as possible on reviving and boosting the economy.

A question arises at this point: Should we wait for this upswing in the hope that financial stabilization will automatically create incentives for reviving the economic process. Or should we think right now about some special noninflationary measures. I am certainly not recommending that the "Russia Is Our Home" movement adopt mechanisms such as extensive state orders. I think we will be able to find mechanisms that will make it possible to promote economic recovery without disrupting the general trend of the government's financial and economic policy. In particular, we should not be afraid of large-scale Russian industry, what the West calls the real sector of the economy, becoming the locomotive for the solution of social problems and also the locomotive for the upswing of the economy. Our giants, including the giants of socialist industry, have mostly survived.

Major enterprises must continue to play their part in the economy. And they must be helped to do so. How? We should not stand in the way of the natural process of the creation of financial and industrial groups, we should not be afraid that this may produce structures that do not fit into the framework of traditional patterns of antimonopoly legislation. If banks, enterprises, and investment structures are capable of pooling their efforts in order to resolve particular problems, they should be encouraged.

I am referring to associations not only in industry. We must think about encouraging merger trends in agriculture and the banking sector as well. We must realize that private farmers in themselves will not rescue agriculture unless various sorts of cooperation emerge.

Privatization Must Be a Source of Investment

[Yurlov] Quite a few such instruments could certainly be found. Privatization in particular. But it has all too many critics.

[Shokhin] When we reached the monetary stage of privatization, a conflict clearly emerged: privatization for the sake of investment or privatization for the sake of the budget? The ideal approach would be one whereby the proceeds from monetary privatization were channeled into real investments in the economy — that is the direct road to recovery. But the 1995 financial and budget situation has prompted the thought that we should sell off as much property as possible in order to cover the budget deficit in a noninflationary way.

It is clear that the present distribution of ownership is far from rational. There is certainly a need to continue large-scale privatization: The state is incapable of ensuring the efficiency of the enterprises that belong to it and in the long term must transfer them to private capital. But in privatization policy the state must not look toward purely liberal reference points.

First, the current emphasis on the fiscal role of privatization should be abandoned — in favor of the resolution of investment tasks via privatization. We should consider the question of changing the normatives for distributing the proceeds of the sales: the proportion handed over to enterprises should be substantially increased at the expense of the proportion transferred to the federal budget.

Second, we must proceed from the fact that a mixed economy in terms of forms of ownership is objectively inevitable amid today's realities. The first stage of mass privatization has now transferred to private hands a very considerable share of national wealth, and private capital today is not yet ready to accept considerably more. In determining future directions and proportions for privatization we should proceed from the real demand for the property remaining in the state's hands. The rate of sales cannot be allowed to lag behind demand if only because state ownership is usually less effective than private ownership. This general principle is entirely borne out by current Russian practice — clear helplessness is often seen in the management of tranches of shares in major enterprises belonging to the state.

At the same time it is extremely undesirable to unduly force the pace of sales. The point is not only that a sale at depressed prices inevitable leads to the displacement of monetary flows from the real sector to the financial sector — it must also be borne in mind that at present only a mixed economy is capable of ensuring the customary level of social homogeneity for the country's population and implementing the principle of not worsening social protection.

New Tasks of Financial Policy

[Yurlov] Financial policy remains one of the key areas of the government's work. But it is scarcely correct to examine the policy of financial stabilization in isolation from the main aims of economic management. Must inflation be defeated at any price? Won't the price prove excessive?

[Shokhin] One question is the quest for new financial instruments capable of mobilizing the monetary accumulations that exist within the country. Today one of the tragedies for the ordinary population is the depreciation of the dollar. In the three years since the introduction of the liberal exchange rate mechanism the population has gained a certain amount of practice in various financial operations. It has emerged that pyramid joint-stock companies are unsafe and that savings in the Savings Bank cannot keep pace with inflation. As a result after "Black Tuesday" last year many people switched to saving dollars. A large volume of foreign currency has accumulated in the country. And the task of the government and the Central Bank is, without devaluing these savings, to mobilize them in the interests of the economy. The dollarization of the country is a bad thing, but it would be even worse if there was a repetition of the situation of early 1992 and the savings of the population and corporate entities were devalued by a different means this time. What should be done? Can we prohibit the circulation of the dollar? Only once more effective financial instruments have been introduced which provide reliable guarantees against inflation, various kinds of expropriations, monetary reforms, and so forth.

What kind of instruments could these be? There are so-called convertible bonds issued by enterprises, economic structures, and joint-stock companies, which after a while can be converted into shares. This is a very popular instrument in the West. We too should introduce it. For instance, if in order to mobilize funds for the construction of a gas pipeline from Yamal to West Europe (this will require something like $12 billion) Gazprom floated bonds convertible in a few years' time into shares in the new gas transport enterprise, many people would like to have a stable income from this project.

There can also be stable, trusted state securities. In particular, retail federal loan bonds or something of the sort.

Another thesis is the orientation toward national capital. Without any political statements, merely on the basis of pragmatic considerations, we should turn to internal sources of accumulations and mobilize them. The basis for this certainly exists, and the instruments are easy to choose — they are well known in world practice and effectiveness will increase. Because if the state is in debt to its own citizens, this is better than if the state is in debt to other states.

The figures here are as follows. The amount of foreign borrowing for 1995 is over $12 billion. Next year, according to the budget projections, we will also have to attract sizable sums. There is a danger of becoming trapped in debt. There are several billion or even tens of billions of dollars inside the country. By relying on certain financial instruments, we could mobilize enough money to proclaim a tax-based doctrine in 1996 and renounce financial foreign loans. We could get by for at least a couple of years on internal borrowing provided that we find effective methods of mobilizing funds.

[Yurlov] How feasible is that task today, and can we make such a switch?

[Shokhin] We need to make assessments here. A great deal depends on how we succeed in developing a system of financial instruments helping to mobilize internal savings. This can be done not only for the purposes of the budget, but also for purposes of investment.

One of the government's main tasks for this year and next is how to distribute funds, because they can be used to cover the deficit, in other words to cover current expenditure, or to revive production. This is one of the key dilemmas. The government is having to save every kopek in order to patch one hole or another, and this is fraught with the danger of losing the big picture. Since we know that stable growth in living standards is possible only if there is economic recovery, we need an approach that will make it possible in 1996 to turn the existing preconditions for recovery into a reality. This means that right now we must "free up" a substantial proportion of the revenue from privatization, the placement of company securities, and so forth, for purposes of investment. If this does not happen, the government will be like a hamster in a treadmill.

Counting on the Powerful, Defending the Weak

[Yurlov] However much you may criticize the situation it is clear that the structure of the economy and the structure of Russian exports are such that the country cannot instantly leap across that objective reality, that an economic revival proceeds through production facilities geared to export. How to emerge from the framework of this vicious circle?

[Shokhin] The situation which has taken shape is in many ways linked with the fact that financial restrictions narrow demand and make it possible for those sectors geared toward wide demand on the foreign market to survive. That is on the one hand. On the other hand there is an obvious link between the machine building enterprises and high-technology production facilities and the defense industry, which has declined by a factor of five to 10, which has led to the stagnation of machine building as a whole. The situation is such that we now need to rely in principle on the raw material sector in order to get adjacent sectors of the economy going. The trouble is that our raw material enterprises and sectors are not geared toward getting Russian subcontractors going but have formed a simpler scheme: exporting over there and buying equipment there to import. In creating conditions for the stable development of production facilities geared to export, we must achieve the point where demand is met by Russian machine building sectors.

A great deal of effort will have to be made to ensure that the World Bank and the governments providing credits gear them toward that segment of the economy which can supply equipment for sectors geared toward export.

That is we must turn credit flows toward those enterprises which are already able to meet the demand of the raw material sectors. But in many cases they are not competitive. They are slightly lacking in something. And we have many such sectors. In Chelyabinsk Oblast there are two plants belonging to the Ministry of Atomic Energy and the State Committee for the Defense Industry — together they could produce fine fiber optic cable. They say that the Americans will only be able to achieve such quality in 10 years' time. But they need several tens of millions of dollars to get going. What are our Western partners doing? They are offering credit for their own fiber optic system. No one gives money for the development of a competitor. So it would be a very good thing now to mobilize domestic savings. Here we ourselves can make a decision as to where to channel the funds.

That is a more effective scheme and so it is attractive. In principle there is money on the world financial market. And the majority of companies do not take credits but place loans including loans guaranteed by their future participation. That is a wide range of financial instruments is used. But we are stuck on traditional credit and shut off whole avenues to ourselves. And as a result we take tied credits. What are they? Credits, as a rule, are given in exchange for a commitment to buy 85 percent of goods in the creditor country. They are given in order to support their own national exports. We are now trying to develop our own technology of this kind. A national agency for export credit has been created called the Russian export and import bank.

The support of powerful sectors is an inevitable method of protecting the weak. At present we cannot proclaim the slogan: Let us protect and support all enterprises. No, we will have to find a way out by using the powerful sectors. And the state's role is to make it possible to transfer the impetus from the powerful sectors to the next ones but to adapt their abilities to the sector market. How? By administrative means? By state purchases? Hardly likely. As an example take our old debate with Glazyev about aircraft. He says that a state order is needed for all aircraft. That sector is competitive and so all aircraft should be bought and the enterprises should be helped to survive. Which aircraft should be bought? Russian industry produces different aircraft in terms of their degree of competitiveness. Some of them no one needs. In the Ministry of Finance's place I would give money for financing leasing. And it would be for the leasing companies themselves to determine which Russian machinery to take. The market through the mechanism of financial leasing could select the most effective machinery. perhaps it will be necessary to introduce some restrictions, for instance a ban on the use of state funds received by such companies for the leasing of foreign aircraft.

Can Russian Money Be Returned to Russia?

[Yurlov] Gigantic sums belonging to Russians have been accumulated abroad. According to various estimates up to $130 billion. Can they be put into action in some way in the Russian economy?

[Shokhin] The experience of other countries shows that such savings become the first current of foreign investments. That is, first national money returns and then it is followed by foreign money. And no amnesty as suggested by the State Duma will help here. The owners of this money know the Russian market better. And when favorable conditions are created they will be the first to sense it.

It is a case of noncentralized investments, of the flow of private investments. Large foreign investments are under the state's more or less reliable protection. Right up to the point where the ratification of agreements and projects has sometimes gone through parliament. It is a case of other money — of private capital which must flow into Russia thanks to a normal climate and tax and other guarantees.

Why is our money not returning? There are mainly two reasons: political instability and legislative instability. The one is linked to the other. For instance, Zyuganov comes to power and immediately begins redistributing wealth because in his view privatization has been wrongly carried out and so forth. Incidentally, very many people fear a redistribution of property. And rightly. They will not manage without shooting here. Of course there have been mistakes, however sorry one is to admit it. But such mistakes can be put right only legally under the Civil Code. There should also be a reliable system for executing such legal decisions. And most important no new mistakes should be made.

Economic Growth Is Guarantee of Social Stability

[Yurlov] Aleksandr Nikolayevich, today society is quite rightly worried by the state of science, education, medicine, and culture. What will their place be in the movement's platform and how do you see it?

[Shokhin] I see a notable place for them. I am inclined to think that purely economic questions cannot comprise the basis of the movement's platform. More profound ideas are needed here. Particularly if you bear in mind that it is a case of the next four years. At least two of them — the role of the state and the social sphere — should be to the fore. If the question of how to step up the state's role is more or less clear, then the question is somewhat more complex with regard to the tasks of boosting science, education, and culture. One element is connected with the fact that there is, traditionally, a shortage of money. But there is also a deeper task. That is the moral state of society, the improvement of the level of national self-awareness and culture in the broad sense, the health of the nation, and so forth. We must assign to these problems at least those appropriations without which irreversible processes will not take place. At the first stage there is the task of redistribution: We must implement an approach and line to ensure that the degree of underfinancing is the same for all. It is time finally to abandon the notorious residual method.

[Yurlov] How will the land question be resolved in your platform?

[Shokhin] That is a complex position. For instance, land in Krasnodar and Krasnoyarsk cannot be assessed in the same way. In Krasnodar the public, the Cossacks, do not want to hear of private ownership But in some regions they speak of this as a necessity. We want to create framework terms at federal level and make it possible during the transitional period for regions to decide the question for themselves.

[Yurlov] Nowadays you hear increasingly frequent mention of the 89 components of the federation and Russia here as it were recedes into the background. People would like to live in a unified, happy Russia. How will the platform resolve this question?

[Shokhin] Apart from components and large regions there is also local self-management. One task is to step up this self-management. The task consists in ensuring that the people living in the border regions feel that they are not coexisting in different components but living in the same country.

[Yurlov] Aleksandr Nikolayevich, in your speech you carefully avoided the word "plan." Although as regards many positions it turns out you have no intention of surrendering the country to the power of spontaneous forces. Or do you deny the plan completely?

[Shokhin] The predictability of the market now is more important than other tasks. It is necessary for the main components of the economy and economic relations to be able to plan their behavior. For that the market must be predictable. That is a somewhat different understanding of the plan than the one which we laid down for many years. I would prefer to use the term predictability although you can use the term "indicative plan" if you have in mind the parameters of the budget and the forecast of socioeconomic development. We predict a certain state of financial. industrial, and market indicators and the state of the real sector — employment, incomes, and so forth. And in that sense the word "plan" could signify a certain forecast of the state of the economy, a forecast linked to several actions by the authorities. There should be a dozen indicators which are important indicators of the state of the economy and the financial system.

[Yurlov] The "Russia Is Our Home" bloc is called the government bloc. Nonetheless, leading government economists — A. Chubays, Ye. Yasin, V. Panskov —

do not belong to it. Or are they in opposition to it and consequently in opposition to the government?

[Shokhin] The year before last, when all ministers launched into the election campaign, V. Chernomyrdin, O. Soskovets, and the sectorial ministers stated that someone should be concerned for the continuity of the economy, that the valves and knife-switches should be turned on and the switches on the track should be precisely set. So they have refused to engage in politics.

A different picture has now emerged. The ministers who are ideological — Chubays, Panskov, Yasin — have adopted the pose previously taken by the sectorial ministers. And the latter in turn have launched themselves into politics. What could the consequences be? After the new platform proposed by the movement is adopted and if it contains elements of correction of the government course and is suddenly not accepted by the implementers of that course then we could speak of the signs of a crisis. And then it will be necessary either to admit that the government is a coalition one or to agree that the government consents to make some amendments and the nonparty ministers will join the banners of that platform while remaining nonparty members.

Incidentally, it is by no means compulsory for ministers to take a personal part in the elections. Moreover, I believe that if during the election campaign some ministers are named as candidate deputies they should either go on extended leave or resign. So that there are no accusations — and such accusations will certainly appear — of using their official position. The victory of Chernomyrdin's bloc will happen when no one can say that this bloc used its official position for its own political purposes.

Every movement which decides to go to the elections independently is doing this for political reasons. And our movement is no exception.

Military Issues

Defense Ministry Orders Not Based on Yeltsin Edict

LD1707192895 Moscow Radiostantsiya Ekho Moskvy in Russian 1800 GMT 17 Jul 95

[FBIS Translated Text] Our radio station has learned that Mikhail Kolesnikov, chief of the General Staff, signed a reference note, according to which none of the orders of the Defense Ministry and General Staff were issued on the basis of the infamous presidential edict of 30 November 1994 [on Chechnya]. This may mean that the orders of the defense minister and directives of the General Staff will not lose their force even if the Constitutional Court deems the presidential edict unconstitutional.

Federal Assembly

Ilyukhin Says Security Situation in Crisis

LD1707174995 Moscow INTERFAX in English 1614 GMT 17 Jul 95

[FBIS Transcribed Text] MOSCOW, July 17 (INTERFAX) — Chairman of the State Duma Security Committee Viktor Ilyukhin is going to speak about the present Cabinet's incapability of ensuring the country's security in his co-report on July 19 when Russian Prime Minister Viktor Chernomyrdin is to deliver a report to the State Duma, the lower house of the Russian parliament.

Ilyukhin told INTERFAX in an interview today that in terms of 19 out of the 20 security criteria, the Russian security situation was in crisis.

Ilyukhin said the crisis also manifested itself in such indices as the fall in the GDP and industrial output, the destruction of the defense industry and the serious demographic situation (the death toll exceeds the birth rate by 3%). While a minimum for financing fundamental sciences is 2% of the GDP, Russia spends on this purpose 0.32% of its GDP. "We will not manage to correct this situation in decades," Ilyukhin said.

"How can we speak about any security if the country does not even have a register of information considered as state secret?" Ilyukhin said.

Ilyukhin said he believed that in his report on the social and economic situation in Russia Chernomyrdin was likely to fail to propose any radical realistic program capable of overcoming the crisis in at least several areas. "We'll (just) listen to each other and leave," he added.

Rybkin Interviewed on Elections, Objectives

954F2754A Novosibirsk SOVETSKAYA SIBIR in Russian 8 Jul 95 p 3

[Transcription of a news conference with State Duma Chairman Ivan Rybkin: "I. Rybkin: The Fate of the Country Is at Stake"]

[FBIS Translated Text] DUMSKAYA PANORAMA has offered SOVETSKAYA SIBIR the materials of a remote news conference for the mass media, held in June by State Duma Chairman I.P. Rybkin.

[Question] The creation of two new political movements was announced recently—one headed by Viktor Chernomyrdin, and another by you. What is behind this? Is it the pursuit of stability, or will this step, on the contrary, exacerbate the fight for power and the political situation in the country? How do you see the role of the movement's leader?

[Rybkin] Viktor Stepanovich Chernomyrdin has in fact announced the creation of a new political movement, and the Russia Is Our Home coalition has received a registration certificate in the Ministry of Justice.

As to the latter, there is, of course, a need to unite forces in a left-of-center bloc. Political scientists, sociologists, and historians have been writing about it for several years. But how does one go about it? The mechanism is far from simple.

I, for instance, have been working toward this end for all five years of my stay in the national representative legislative body. I am very sorry that ambitions of some blind and nearsighted people keep them from uniting. That they, having tasted a small measure of power, now look over the heads of the people, their own party comrades, and want to walk over these heads to the 1996 June elections. In October 1993 they did not want to stand together, tore this flank apart. And I disagreed, and sometimes even quarreled with them.

The point is not the personal fate of each of us. The fate of the country is at stake, but they are again tearing the left flank into bits and pieces—this is what they are guilty of.

I am often asked: "Ivan Petrovich, are you not emulating someone when you are offering to live in accord, live in harmony? Yes, I do not reject this—let us live in accord, but let us live by the law. This is what is very important. Live with respect, listening to each other. I think this is in our voters' interests. They will tell us themselves: Live in accord, by the law, by honor and conscience.

Is it easy to form an electoral coalition? Unfortunately, in terms of material, money support, the capabilities of a left-of-center electoral coalition going through the formation stage are incommensurate with those at the disposal of a bloc that has already completed this process. The situation resembles more the battle of David against Goliath. This is not an equal match, but it is being done in the interests of ordinary people. And in this respect my colleagues, my friends in the deputy corps, in professional unions and the union of Russian cities, in the local self-government association, in the associations of goods producers—rural and industrial, in women's, veterans, and youth organizations follow a simple rule: Truth will always get through. In the final analysis, there will be a coalition of people interested in the success of creating powerful protection for the man of labor—not a hopeless drunkard, not a loafer, but a worker who works hard all his life for his daily bread. So let him earn for himself bread with butter. And we have to fully help such a person to reveal his talent, so he could truly earn according to his labor. So he could even acquire great wealth, but through his great labor—intellectual and physical.

Many lies and much dirt are being poured on my friends and colleagues, and it is frequently done by those who only recently were with them. Let them persist in self-deception, or deceive themselves consciously—we will look life straight in the eye and see it the way it is.

It is one thing to meet at a voters club or travel endlessly around the country, gathering every time the same audience—100-200 people, and getting inspiration from their support. And it is quite another to go out on the street and see that life follows different laws. And so what if you get 7 percent of the vote, and another one gets 8 percent, and yet another—10 percent? As a result, nothing can be changed, the situation cannot be turned in the direction of the interests of the ordinary people. Those who gather around me are very much concerned over it. Most of them are void of ambitions, and their goal is getting things done, not idle talk. Getting things done is the criterion of life.

Human common sense, of which there is so much in our talented people, is not well represented in the center of the political spectrum in the Duma. There is a unique historic opportunity to create such a center in the Duma. The right-of-center wing is forming? Why should not a left-of-center wing form? All objective preconditions are in place for forming this broad movement, which would not tear and torment the country. Which would talk about transformations, but at an acceptable pace and at a reasonable price for these transformations. Which would cut off extremists who cannot say anything beyond "Down with!," "Get out!," "Liquidate!," "Exile them to the North!"

Yes, I understand that the leader's role is very important, but the movement itself, and no one else, should produce this leader.

The range of difference of opinions in the country is frighteningly great. And the number of parties corresponds to it: As of now, 269 parties and movements are registered with the Ministry of Justice. A mind-boggling number of parties! Therefore, we need to strive to reach the point where people of similar views, strategic appraisals, and program goals, and differing only in temperament and tactical approach, would come together. People should orientate themselves toward large coalitions, so that three or four such coalitions would be responsible for the situation in the country— then we will know whom to hold accountable.

[Question] Do you support the opposition's idea of early presidential elections? And if yes, or no—what are your reasons?

[Rybkin] No, I do not support it. And the reasons are still the same: Everything should remain within the framework of the law and the Constitution. Because shouting, "Down with everyone and everything" will never bring us any good.

[Question] Speaking of the upcoming elections to the Federal Assembly, you personally support holding them as scheduled. But at the same time, you diplomatically nod to the "will of the people": Whatever the people wish, you say, shall be. I think that at the upcoming elections, those who wish to express the "will of the people" will be the deputies due for re-election, who are ready to change the law at any time to suit themselves. Would it not be more honest to let the law take precedence, and let the people to express their will through the elections?

[Rybkin] When I speak of the will of the people, I am not being sly or hypocritical. We currently do not have a law "On Referenda"— in the fall of 1993, several laws were repealed by a presidential edict. After the State Duma convened, the president offered us to review the edicts regarding suspension or repeal of legislative acts. The Duma decided not to review them, thus tacitly agreeing with the edict and thereby supporting it.

The new constitutional law "On Referenda" has been adopted by the deputies in the first draft, but it never got to the second—the law, one may say, was dissolved. Therefore, the second draft is being prepared from scratch. Some deputies propose to put into the draft law a provision that would ban the questions of moving presidential and parliamentary elections from being put to a referendum.

The people's will can be studied in different ways. And is learned differently—in the form of a referendum or in the form of a survey, a plebiscite. The people's will is the will of the law: It is expressed in strict keeping with the Constitution. The people have the right to it, they have gained it through much suffering.

[Question] How can the State Duma guarantee that election results will not be falsified and will become an objective reflection of the voters' will?

[Rybkin] The State Duma does everything in its power to make it so that the election results meet people's expectations, be the objective reflection of the will of the electorate. For this purpose, a law "On Elections of State Duma Deputies" is being adopted. The law "On Basic Guarantees of Electoral Rights of the People" has been adopted, and it spells it all out.

We should watch the elections not with a yawn, with the surprise of a sideline spectator. You need to participate in them, feel yourself a citizen of the country. If a person is a member of a party, of a sociopolitical movement, he has a legitimate right to nominate his representative to the election precinct, to have the latter monitor that the law is not being violated. And not only register but report all violations immediately to higher bodies, including the State Duma. As always, there is a service here that will monitor all these processes.

Come, elect whom you want, who is closer to you in spirit, whom you know well, whom you trust. Do not entrust your ballot to others; strike out what you think you should, and drop it in the ballot box. Do not let scoundrels come into power, this is the point!

People probably follow the principle the poet described once: "And the deception claiming the truth is dearer to them than truth itself."

[Question] One frequently hears the phrase: "Politics is a dirty business." Do you agree with this statement? What does political, state work mean to you, and do you intend to continue your political career?

[Rybkin] I categorically disagree with this statement. I probably would never have entered political and state activities had it not been for the changes that began about 10 years ago. They brought new people into politics. For me, political, state activities began with being a deputy. I jumped into it fervently. I tried to understand people's needs and concerns, their pain, and how to ease it. This was my main task. And now, together with my colleagues, we are trying to do what we can to pull Russia out of the bog of the political, economic, social, and moral crisis. This is the most important thing.

Will I continue my political career? I intend to run in the election in a single-seat district. If the people decide so, I will work again. If not, I will choose a different path for myself. The will of my electorate is of overriding importance to me.

[Question] We always have it this way: A person who has run an undertaking into the ground but "got off the train" in time, escapes responsibility. Do you intend to take the responsibility, and how, if some time after you step down as the speaker it comes out that you had objectively been a part of some or other of Russia's misfortunes, or will you try to find justification for yourself—as, for instance, M.S. Gorbachev is doing?

[Rybkin] I have nothing to make excuses for. I express first and foremost the collective will of 449 deputies. You elected the deputies, and they make the Duma what it is. Therefore, the responsibility for what is happening is a shared one.

Both I as a citizen and you as citizens are responsible for what is happening in the country. Yes, some are at the helm, and therefore the leader should be able to see the situation at least two steps ahead. I believe that this is the way it should be: It is not safe for Russia to be led by idiots. So do not elect them, for God's sake, I beg of you!

[Question] A time will come and all the "Kremlin court secrets" will be revealed. You are among the highest officials in the state; have you thought about the future? We think that the meaning of the question is clear: Is the moral aspect in politics important for you personally? Or—again, for you personally—are moral principles and political activities incompatible?

[Rybkin] I do not like hints and half-hints—the question is absolutely clear to me. For me, it is important to be able, both tomorrow and the day after tomorrow, to look into my grandson's eyes and talk to him exactly the same way I talk today to my father—a disabled veteran, category I, of the Great Patriotic War; and to my mother, who had put all her health into working the soil; and my numerous brothers, sisters, and nephews; and my childhood friends who are still my friends. I believe I will have nothing to repent for. If there is something unfinished, this is precisely what it is—unfinished work. I work from dawn to dawn. Get up early, come home late. My working day is 16, sometimes 17, hours long. This is something I am familiar with and am accustomed to, because I have worked since childhood and still do. We are trying to accomplish as much as possible in the short months we have left by your will and our Constitution.

Therefore, moral principles are important for me in political activities too. If something is being done against my will, I say so openly, even if this leaves me in the minority. This is a straight answer to a very roundabout question.

[Question] In October 1993 you stayed in the White House "to the last breath." Let us ask you, now a member of quite a successful establishment, an "inconvenient question": How do you feel now about those with whom you lived through the tragic days of October: Rutskoy, Khasbulatov, Konstantinov, Astafyev? Do they maintain any relations with you?

[Rybkin] I do not consider this an "inconvenient question." I stayed in the White House to the end in October 1993 because of my convictions. I believed that everything could be resolved peacefully, without resorting to arms and violence. I thought we could all go to elections on 12 December—presidential and parliamentary. I urged both Aleksandr Vladimirovich Rutskoy and Ruslan Imranovich Khasbulatov to go this way. I take people as they are—not according to their image invented by others—with all their strong and weak points.

After Rutskoy, Khasbulatov, and others were released from Lefortovo prison in keeping with the amnesty declared by the State Duma, they sent word that they wanted to visit, have a talk. But apparently they got carried away with their political plans and they probably cannot find time for it.

You call me a member of quite a successful establishment. Perhaps I felt more comfortable and better off in a somewhat different role—when I was a department chairman in one of the national institutions of higher learning for many years and a professor at the age of 34. I felt very comfortable and very well. Had everything been going well in the country, I would have stepped down long ago and would have gone back to my beloved profession.

But the country is in disarray, while I have accumulated experience in managing large and small collectives, large and small regions. So I know human labor in all its manifestations, know it from my own experience. I say this easily—I assume that people who have worked with me will hear and read this. So far I have never had to compromise my soul, my heart.

And I will repeat once again: My best friends are my childhood friends, my schoolmates—both from grade school and college, from the times when people are not connected, or burdened, by anything except personal attachments. The best time to acquire friends for the rest of your life.

[Question] Ivan Petrovich, what are your current relations with political forces that have brought you into the position of the State Duma speaker? What political forces would you draw on support from if you were running in the presidential elections?

[Rybkin] I will start with the last part of this question, because any talk of the presidential election, which will not take place for another year, I consider groundless and baseless. And I would rather not answer this question. That is first.

Now regarding my relations with those who brought me into the position of the State Duma speaker. First of all, these are my colleagues, my confederates, with whom I worked for years, and with some—for decades: several factions in the State Duma. Most deputies who by then were elected voted for me. Which means I was elected through the efforts of at least six factions and some State Duma deputies elected from single-seat districts. With most of them I have good relations regardless of their factional affiliation.

I strictly follow the postulate of the great Voltaire: "I may disagree or even hate your convictions, but I will sacrifice my life for your right to express them." I think this is the speaker's most important task.

I believe that we should set aside our arrogance in order to build on the left flank a bloc or an electoral coalition that would fully express the opinions of the man of labor. Regardless of whether he is engaged in menial or intellectual labor. So far, in my opinion, the voice of the working people is not fully heard in the State Duma.

[Question] What would you do in your free time if you did not work in the State Duma?

[Rybkin] When there were very difficult times in my life, I consoled my crying daughters, wife, and mother, told them: "What are you worried about? I will never be without a job." I have five blue-collar professions: driver, tractor driver, metalworker, lathe operator, and welder, and I have not lost these skills.

I guess I was luckier than many. I graduated from high school as a straight-A honor student, graduated from college with honors, and then from the Diplomatic Academy and the Academy of Social Sciences. Twenty-one years ago I defended a thesis and became candidate of technical sciences. Over the past 10 years I have pursued research in the problems of politics and political science, have many published works, a professorial title, and the degree of a doctor of science.

I have a lot of things I could do in my free time. I have a very good library, and, I have to confess—I love to read: both professional literature and Russian history, and our classics. I like to get my hands dirty—working in the garden is one of the greatest pleasures for me. So I have things to do. But the greatest dream, albeit difficult to implement: putting on a sweatshirt, tarpaulin boots, a hat with one ear flap up and another down—like a mutt—grabbing a fishing rod, and being alone on the river bank early in the morning. Somewhere on the Obden, Hoper, or Volga. Golden hours, golden minutes—there is nothing more precious. The time when you start thinking that the world is finite and you cannot take anything with you. You can only leave behind your good name.

[Question] And do you manage to do this—sit on a river bank?

[Rybkin] Unfortunately, no. Only once in the past year and a half.

Breakdown of 12 Jul Duma Vote on Impeachment

MM1307085995 Moscow ROSSIYSKIYE VESTI in Russian 13 Jul 95 p 1

[Unattributed report: "Results of 12 July 1995 Vote. Draft State Duma Decree 'On Setting Up a Special Commission in Connection With Deputies' Proposal To Bring Charges Against the Russian Federation President'"]

[FBIS Translated Text]

Faction	A	B	C	D	E	F
	Number of members	For	Against	Abstentions	Did not vote	Leader's position
State Duma as a whole	450	164	14	0	272	
Yabloko	27	4	0	0	23	Did not vote
Agrarian Party of Russia	50	34	1	0	15	For
Russia's Choice	52	0	3	0	49	Against
Democratic Party of Russia	10	6	0	0	4	For
Independents	58	20	2	0	36	
Russia	36	13	0	0	23	Did not vote
Stability	39	3	8	0	28	Did not vote
Communist Party of Russian Federation	47	45	0	0	2	For
Liberal Democratic Party of Russia	55	27	0	0	28	Did not vote
Party of Russian Unity & Accord	17	2	0	0	15	Did not vote
Women of Russia	21	5	0	0	16	For
New Regional Polic	13	5	0	0	26	Did not vote

Federal Assembly Chronology: May 1995

95P50146

[FBIS Media Note] [Introduction] This FBIS Media Note contains a topical listing of major decisions, discussions, and actions made by or taken on behalf of the Russian State Duma and Federation Council. Further textual material is available in the 1995 editions of the FBIS Daily Report (DR) "Central Eurasia" or in other cited sources. The citation provides DAILY REPORT listings and page numbers at the end of each entry. Items that have been entered under more than one topic headings are marked with an asterisk (*). A list of abbreviations and their expansions follows the chronology.

FOREIGN POLICY AND ARMS CONTROL

U.S., Europe, and Latin America

17 May 95 — Duma issues a statement condemning Croatia's offensive on western Slavonija and demanding that Croatian troops immediately pull back to positions assigned under the 29 March 1994 decree (18 May 95, 30; 30 May 95, 40)

17 May 95 — Duma adopts a statement "In Connection With the U.S. Congress' Examination of the Bill Envisaging Tightening the Economic Blockade Against Cuba" which calls on the Congress not to pass bill (26 May 95, 23)

30 May 95 — Duma's Committee for International Affairs issues a statement calling for a moratorium on NATO air strikes in Bosnia (31 May 95, 28)

CIS/FSU

*4 May 95 — Council rejects law "On a Moratorium on the Unilateral Reduction of the Black Sea Fleet" on the grounds that it is "at variance with international treaties and agreements concluded by Russia and Ukraine since 1992" (vote: 28 for)(5 May 95, 35); on 7 April the Duma adopted the law.

4 May 95 — Council ratifies treaty with Kazakhstan to lease Baykonur complex for 20 years (5 May 95, 33); on 21 April Duma ratified treaty.

11 May 95 — Duma rejects LDPR proposal to discuss the 1991 agreement on the disbandment of the USSR and formation of the CIS (vote: 179-12, 2 abstentions) (11 May 95, 48)

17 May 95 — Duma passes resolution to send an observer team to Crimea to monitor 25 June referendum and to grant other forms of assistance (18 May 95, 30; 26 May 95, 46)

19 May 95 — Duma plenary session adopts a statement praising the results of the Belarusian referendum held 14 May (vote: 290 for) (19 May 95, 30; 31 May 95, 28)

19 May 95 — Duma supports Deputy Baburin's (Russia's Way) proposal to hold a referendum in December 1995 on the reunification of Russia and Belarus (vote: 249 for) (19 May 95, 31)

19 May 95 — Duma ratifies Eurasian patent convention signed on 9 September 1994 by heads of government of ten CIS member states (23 May 95, 33)

*19, 23 May 95 — Duma decides to ask Minister of Defense Grachev to order Commander of the 14th Army Lieutenant-General Lebed to attend hearings on the army's deployment in Transdniester; Ministry of Defense previously refused to send Lebed (19 May 95, 31); on 23 May Duma holds hearings with Lebed present (26 May 95, 24)

*24 May 95 — Duma approves first reading of draft law "On Ensuring Safety of Military Arsenals in the Zone of the 14th Army's Stationing in Moldova" (vote: 227-2, 5 abstentions) (26 May 95, 25)

24 May 95 — Both Duma and Council ratify treaty of friendship, neighborliness, and cooperation with Belarus (Council vote: 130 for; Duma vote not available) (26 May 95, 25)

26 May 95 — Duma adopts statement "On the Violation of the Basic Rights and Freedoms of Russian Fellow-Countrymen and Citizens of Russia in the Republic of Kazakhstan" (vote: 277 for, 2 abstentions) (30 May 95, 43; 5 Jun 95, 20)

Near East, Africa, and Asia

4 May 95 — Council gives its consent to a request by President Yeltsin for "sending at the disposal of the UN Control Commission in Angola a contingent of Russian Armed Forces, including 160 servicemen, and leasing seven Mi-8 helicopters for the duration of the UN operation" (5 May 95, 32)

11 May 95 — Duma rejects proposal of Deputy Finko (LDPR) to discuss the U.S. attempts to disrupt the contract on the delivery of Russian light-water reactors to Iran (vote: 192-9, 1 abstention) (11 May 95, 48)

11 May 95 — Duma rejects LDPR proposal to discuss the agreement on division of borders between Russia and China (vote: 183-5, 1 abstention) (11 May 95, 49)

17 May 95 — Duma endorses proposal to the government to continue its efforts "to lift the economic blockade against Iraq" (vote: 265- 6, 2 abstentions); it also urges the government "to take steps to protect Russia's economic interests," specifically ensuring that Iraq repays its debt, and to begin setting up a position for developing cooperation with Iraq once sanctions are lifted (17 May 95, 31; 26 May 95, 22)

General

4 May 95 — Duma adopts an "Appeal to the Parliaments and Peoples of the World on Nuclear Weapons Nonproliferation" (5 May 95, 36)

16 May 95 — Foreign Minister Kozyrev holds a closed-door session with the Duma's Committee on International Affairs to discuss the 9 May summit's results, European security, and the lack of coordination in foreign policy matters (17 May 95, 30)

MILITARY AND SECURITY ISSUES

*4 May 95 — Council rejects law "On a Moratorium on the Unilateral Reduction of the Black Sea Fleet" on the grounds that it is "at variance with international treaties and agreements concluded by Russia and Ukraine since 1992" (vote: 28 for) (5 May 95, 35); on 7 April the Duma adopted the law.

17, 25 May 95 — On 17 May Duma rejects during third reading the package of three "nuclear" laws — "On the Use of Nuclear Energy," "On State Policy in the Field of Handling Nuclear Waste," and "On Radiation Safety of the Population;" the deputies reject the first law because of its dealing with the ownership of nuclear installations, but are satisfied with the other two (18 May 95, 31; 22

May 95, 42); on 25 May the Council rejects the law on handling of nuclear waste, but admits that the law is necessary and suggests amendments (25 May 95, 31)

18 May 95 — Duma passes on first reading the draft law "On Amendments and Riders to the Law 'On Crime Detection in the Russian Federation,'" which expands the rights of the FSB (19 May 95, 31)

*19, 23 May 95 — Duma decides to ask Minister of Defense Grachev to order Commander of the 14th Army Lieutenant-General Lebed to attend hearings on the army's deployment in Transdniester; Ministry of Defense previously refused to send Lebed (19 May 95, 31); on 23 May Duma holds hearings with Lebed present (26 May 95, 24)

23 May 95 — Council approves federal decree "On the State Defense Order" (vote: 95-22) (25 May 95, 29); on 21 April Duma approved decree.

*24 May 95 — Duma approves first reading of draft law "On Ensuring Safety of Military Arsenals in the Zone of the 14th Army's Stationing in Moldova" (vote: 227-2, 5 abstentions) (26 May 95, 25)

26 May 95 — Duma adopts law "On the Order of Russia's Assigning Military and Civilian Personnel to Take Part in Operations for Maintenance or Restoration of International Peace and Security" (30 May 95, 41)

POLITICAL AND LEGAL ISSUES

Executive Branch Relations

4 May 95 — Council approves on second reading the bill "On the Elections of the President of the Russian Federation" (vote: 111-9, 8 abstentions); on 21 April Duma approved a reworked version of the bill (4 May 95, 18; 5 May 95, 32, 38, 10 May 95, 46)

26 May 95 — Duma supports DPR motion to ask the Constitutional Court to rule on constitutionality of Yeltsin's 3 October decree "On Steps to Consolidate the Executive Authority in Russia" (30 May 95, 44)

Internal Legislative Issues

*19 May 95 — Duma approves postponing until 24 May a hearing on Chechen ceasefire and insists First Deputy Prime Minister Soskovets presents the information (vote: 244 for) (22 May 95, 43)

24 May 95 — Duma confirms the authority of Deputy German Titov, a former cosmonaut who was elected from Kolomenskiy constituency number 107 (25 May 95, 32)

26 May 95 — Duma approves law "On Guaranteed Provision of Lawmaking at the Russian Parliament" submitted by Chairman of Committee on Commonwealth Affairs Zatulin (DPR) (30 May 95, 45)

Political Parties and Political Life

4, 11, 23, 24 May 95 — On 4 May Council rejects on second reading the Duma election bill (vote: 11-111) because the Council wants to change the ratio of deputies elected in single-member districts to party lists from 225-225 to 300-150 and appoints members to a conciliatory commission to rework the bill (5 May 95, 33, 35, 10 May 95, 46); on 11 May Duma overrides Council and votes to maintain 225- 225 ratio (vote: 302-73, 6 abstentions) (11 May 95, 49; 15 May 95 27); on 23 May Council welcomes President Yeltsin's 22 May veto of Duma-approved version of bill (23 May 95, 32); on 24 May Duma fails to override Yeltsin's veto (vote: 240 for) and backs a proposal to request Yeltsin to recall veto (vote: 268-47, 4 abstentions) (24 May 95, 20)

17, 19 May 95 — On 17 May Duma postpones second reading of draft law on forming the Federation Council until Yeltsin defines his position on the election of Duma deputies (18 May 95, 33); on 19 May Deputy Isakov (Agrarian Party) states his belief that the second reading will take place before the end of May because a joint working group has produced a fundamental agreement on the mechanisms for forming the Council (19 May 95, 32)

19 May 95 — Duma supports proposal of Agrarian Party and CPRF to ask Justice Ministry to look into the legality of forming local party "cells" (vote: 287 for); Duma also supports proposal of Deputy Kulik (Agrarian Party) to delay registration of "Our Home Is Russia" bloc until the dispute over cells is resolved (vote: 250 for); Deputy Mityukov (Russia's Way) then reminds deputies that the bloc has already been registered (19 May 95, 31)

26 May 95 — Duma recommends Yeltsin hold local elections in December 1995 concurrently with Duma elections (30 May 95, 44)

Judicial and Legal Reform

19 May 95 — Duma rejects second reading of draft constitutional law "On Referendum in the Russian Federation" (23 May 95, 34)

ECONOMIC POLICY

Budget, Taxes, and Banking

4 May 95 — Council overrides Yeltsin's veto on "On the Restoration and Protection of the Savings of Citizens of the Russian Federation" (vote: 137 for) (5 May 95, 35)

11 May 95 — Duma overrides Yeltsin's veto on the law "On State Commodity Obligations" (vote: 319 for) (11 May 95, 49)

*19 May 95 — Duma adopts on first reading amendments to laws "On Currency Regulation and Currency Control," "On the Customs Tariff," and individual tax laws; the latter envisions exemption of enterprises and organizations operating in the sphere of production and distribution of mass media output from most tax payments (23 May 95, 34)

*26 May 95 — Duma passes law "On Raising the Minimum Amount of Pensions, A Procedure for Indexation and Recalculation of State Pensions in the Russian Federation" which will set the minimum pension at 52,486 as of 1 June 1995, thereby increasing pensions by a factor of 1.2 compared to May figures (30 May 95, 45)

Privatization and Bankruptcy Issues

*23 May 95 — Council rejects first vote of the bill "On Special Order of Privatization of Organizations of State Television and Radio in the Russian Federation," which suspends privatization of Ostankino and bans the broadcasts of the new semi-private public Russian television company, ORT, which replaced it (23 May 95, 27); during a second vote later on 23 May Council approves bill (vote: 98 for) (24 May 95, 28); on 5 April the Duma passed the bill.

24 May 95 — Duma adopts a decree "On the Securities Market" (vote: 290-4, 3 abstentions) (25 May 95, 32)

Social Welfare

4 May 95 — Council approves law on child benefits passed by Duma on 26 April; law will give annual benefits for children under 16 amounting to 70% of the minimum wage and benefits for birth or adoption will be ten times minimum wage (5 May 95, 33)

11 May 95 — Duma passes on third reading bill "On the Minimum Living Standard in the Russian Federation" (vote: 326 for) (12 May 95, 45; 16 May 95, 37)

17 May 95 — Duma approves the first reading of the draft bill to protect families and minors (18 May 95, 32)

17 May 95 — Duma adopts on third reading the law on social services for elderly and disabled persons (18 May 95, 32)

19 May 95 — Duma adopts third reading of law "On the Russian Federation Social Insurance Fund Budget" which sets monetary benefits for pregnancy, birth, and the very young (vote: 344 for) (23 May 95, 37)

24 May 95 — Duma passes law "On the Basis of Civil Service of the Russian Federation" which was reworked by a conciliation commission after having been rejected by the Council (25 May 95, 32)

*26 May 95 — Duma passes law "On Raising the Minimum Amount of Pensions, A Procedure for Indexation and Recalculation of State Pensions in the Russian Federation" which will set the minimum pension at 52,486 as of 1 June 1995, thereby increasing pensions by a factor of 1.2 compared to May figures (30 May 95, 45)

Foreign Trade

11 May 95 — Duma adopts on third reading a law "On Rescheduling the Debts on State Credits Granted by the Russian Federation" (vote: 261-0, 1 abstention) (12 May 95, 45; 15 May 95, 26)

12, 24 May 95 — On 12 May Duma adopts on third reading a law "On State Regulation of Foreign Trade Activity" (vote: 292-1) (16 May 95, 36, 45); on 24 May Council approves law (vote: 103-13, 2 abstentions) (25 May 95, 32)

Agriculture

4 May 95 — Council approves a draft program for the stabilization and development of agricultural production in Russia during the period 1996-2000 (5 May 95, 33)

23 May 95 — Council rejects federal law "On Agricultural Cooperation because of unacceptability of individual clauses and requests Duma to set up a conciliation commission (24 May 95, 28)

RUSSIAN REGIONAL ISSUES

4 May 95 — Council rejects law "On the General Organizational Principles of the Bodies of State Authority in the Members of the Russian Federation" on the grounds that it contradicts the constitution and violates the principle of division of power between the center and members (5 May 95, 35)

*19 May 95 — Duma approves postponing until 24 May a hearing on Chechen ceasefire and insists First Deputy Prime Minister Soskovets presents the information (vote: 244 for) (22 May 95, 43)

24 May 95 — Duma holds a plenary meeting on Russian soldiers missing in Chechnya (30 May 95, 41)

19 May 95 — Duma receives a briefing by Chairman of the Provisional Committee for the Elimination of the Consequences of the Ossetian-Ingush Conflict, Lozovoy, on main reasons for the lack of settlement of the conflict and the refugee issue (22 May 95, 43)

29 May 95 — Deputy Prime Minister Shakhray addresses a Duma commission investigating the causes

and circumstance of the crisis in Chechnya (30 May 95, 40)

MEDIA ISSUES

*23 May 95 — Council rejects first vote of the bill "On Special Order of Privatization of Organizations of State Television and Radio in the Russian Federation," which suspends privatization of Ostankino and bans the broadcasts of the new semi-private public Russian television company, ORT, which replaced it (23 May 95, 27); during a second vote later on 23 May Council approves bill (vote: 98 for) (24 May 95, 28); on 5 April the Duma passed the bill.

*19 May 95 — Duma adopts on first reading amendments to laws "On Currency Regulation and Currency Control," "On the Customs Tariff," and individual tax laws; the latter envisions exemption of enterprises and organizations operating in the sphere of production and distribution of mass media output from most tax payments (23 May 95, 34)

Abbreviations

CIS — Commonwealth of Independent States
CPRF — Communist Party of Russian Federation
DPR — Democratic Party of Russia
FSB — Federal Security Service
FSU — Former Soviet Union
LDPR — Liberal Democratic Party of Russia
NATO — North Atlantic Treaty Organization
UN — United Nations
U.S. — United States
USSR — Union of Soviet Socialist Republics

Regional Affairs

Further Reportage, Comment on Chechen Talks

Chechen Delegation Talks With Dudayev

LD1707164195 Moscow INTERFAX in English 1513 GMT 17 Jul 95

[FBIS Transcribed Text] GROZNYY, July 17 (INTERFAX) — The Chechen delegation to the peace talks with representatives of the Russian government is holding consultations with Dzhokhar Dudayev on Monday.

Dudayev's spokesman Movladi Udugov told INTERFAX that the delegation members had informed Dudayev of the results of the latest round and of the agreement to put off the talks until Thursday for technical reasons.

The Chechen negotiators said they had done "everything they could to have the agreement with Russia concluded and peace restored in Chechnya." Chief of the Chechen armed forces' headquarters Aslan Maskhadov, who is a member of the Chechen delegation, said that "the next move is to be made by the Russian side which can restore peace with just one stroke of the pen if it takes a principled and correct step."

The Chechen side reiterated that it is "ready to sign a document that would fully reflect the interests of the Chechen people and the Russian state." "During its meeting with Dzhokhar Dudayev, the Chechen delegation reaffirmed the Chechen side's basic position on the sovereignty of the Chechen republic," said Udugov.

The Chechen delegation will meet with a number of field commanders on Monday, said Udugov.

He alleged that over the past 24 hours "the Russian side has fired at Chechen positions 12 times." According to his sources, "as a result of shelling from self-propelled assault guns" five people were wounded. He said Russian planes had made reconnaissance flights over the territory controlled by Dudayev supporters.

Talks To Resume in Groznyy 20 Jul

LD1807101895 Moscow ITAR-TASS in English 1005 GMT 18 Jul 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, July 18 (ITAR-TASS) — Peace talks between a Moscow delegation and leaders of Chechen separatists will resume in Groznyy on Thursday, Russian Minister for Nationalities Vyacheslav Mikhailov said on Tuesday.

Russia's top negotiator, together with other members of the negotiating team Interior Minister Anatoliy Kulikov and Chairman of the national Union of Industrialists and Businessmen Arkadiy Volskiy, were received today by Prime Minister Viktor Chernomyrdin.

According to Mikhailov, the delegation, currently on consultations in Moscow, is supposed to leave for Groznyy on Wednesday.

Mikhailov described the current situation in the Chechen Republic as being "within a normal framework".

Dudayev's Demonstrators Take 'Time Out'

LD1807114195 Moscow ITAR-TASS in English 1100 GMT 18 Jul 95

[By Oleg Atryushin]

[FBIS Transcribed Text] GROZNYY, July 18 (ITAR-TASS) — Demonstrators, who have backed Chechen separatist leader Dzhokhar Dudayev at a permanent rally near the OSCE [Organization for Security and Cooperation in Europe] mission in Groznyy where peace talks were held on July 6-16, have taken a time out as the negotiations adjourned.

No people calling on women to join the rally and offering hard currency for that can be seen at the Groznyy marketplace any longer.

During peace talks up to several hundred people used to gather near the OSCE mission to shout out anti-Russian slogans. Now there are only view [as received] visitors trying to solve their problems with the help of the mission, as well as soldiers' mothers who hope to learn the whereabouts of their sons.

Peace talks are expected to resume Thursday in Groznyy.

Talks Break Down: Russians Leave

MM1807100895 Moscow IZVESTIYA in Russian 18 Jul 95 p 2

[By Igor Rotar: "Peacemakers Leave, War Continues"]

[FBIS Translated Text] Groznyy — The Russian delegation has returned to Moscow from Groznyy. The talks have broken down. Prime Minister V. Chernomyrdin received the delegation in the afternoon of 17 July. At the time the newspaper was signed to print, no information had been released through official channels about this meeting.

The Russian delegation's departure from Groznyy was so hasty that Moscow's representatives simply "forgot" to take with them around one-half of the journalists who had come with them.

Strange things had started happening in the morning. Usman Imayev, head of Dudayev's delegation, suddenly fell ill. For a certain period of time, the members of both delegations had been in a state of confusion, but at 1200 hours Akhyyad Idigov, chairman of the Chechnya-Ichkeria parliament, announced that talks were beginning. This time the "result" was achieved swiftly — within about an hour the Russian delegation members had gotten into their cars and left for Groznyy airport.

Vyacheslav Mikhaylov, head of the Russian delegation, told journalists that the decision was made after Dudayev's men had tried to change the wording of the agreement that had already been agreed upon.

The discord was caused by definitions of the concept of a self-defense detachment. It had been agreed in the military block of questions that, following the disarmament of Dudayev's formations and the withdrawal of Russian troops, self-defense detachments would remain in the villages. However, as it turned out, Dudayev's men believe that the weaponry of these detachments should include grenade launchers and machineguns, which evoked Russian Internal Affairs Minister Anatoliy Kulikov's open anger.

Such demands by Dudayev's men can scarcely be considered a complete surprise.

"The Russian Army is continuing to violate the truce. We must elaborate a truly efficient disarmament mechanism. Furthermore, following the elections envisaged by the agreement, Chechnya's status is very vague and we must have guarantees in the event of further Russian aggression," Aslan Maskhadov, chief of staff of Dudayev's armed formations, told journalists following consultations with field commanders.

However, the Russian military's reaction was also entirely predictable: "The servicemen are angry that we have been conducting talks for so long. They believe that the time has now come to crush Dudayev's men," one of the members of the Russian delegation complained to me.

Officially the sides have announced a technical break in the talks until Thursday. However, even if the Russian delegation returns to Grroznyy, the result will most likely be the same as before. Let us recall Volskiy's opinion (IZVESTIYA 15 July): "Essentially everything will be clarified in the next two days: Either we sign a joint agreement with the Chechen side on a block of political questions or else it will become obvious that the 'war parties' on both sides of the barricades have managed to win a victory."

There was more shooting than usual in Groznyy in the night. "The peacemakers have left, the war is continuing," the servicemen joked among themselves.

Chechen Forces Exploiting Moratorium

LD1807091595 Moscow ITAR-TASS World Service in Russian 0831 GMT 18 Jul 95

[FBIS Translated Text] Groznyy, 18 Jul (ITAR-TASS) — An ITAR-TASS correspondent was told at the press center of the joint grouping of federal forces in Chechnya that the past night in the Chechen Republic was a troubled one. According to the information of the press center, the militants fired at the positions of the federal troops 25 times; one servicemen was killed and 13 wounded.

According to this source, Dudayev's supporters are trying to use the moratorium on military actions to build up supplies of ammunition and food.

Dudayev's forces are trying to provoke the population into holding rallies, thus destabilizing the situation, it is asserted at the press center. It said that the militants are mining and firing at fields and gardens where harvesting is in process. In the southern regions the illegal armed formations are confiscating the population's food and cattle.

Lt. Gen. Anatoliy Shirokov, commander of the joint grouping of federal troops in the Chechen Republic, reported that lately the militants have been using antitank guided missiles and mortars more and more frequently. He regards this as a violation of the moratorium that provokes the federal troops to fire back, also using artillery.

Military Aspects on Plan Discussed

LD1807132995 Moscow ITAR-TASS in English 1319 GMT 18 Jul 95

[By Oleg Artyushin]

[FBIS Transcribed Text] GROZNYY, July 18 (ITAR-TASS) — Military experts of the Russian governmental delegation and the Dudayev representatives met in Groznyy today to discuss military aspects of Chechen settlement. The meeting was attended by member of the Dudayev delegation and head of the Chechen general staff Aslan Maskhadov, head of the OSCE Groznyy mission Sandor Meszaros told ITAR-TASS today.

Sources in the Dudayev delegation's circle told ITAR-TASS that head of the Dudayev delegation and ex-Chechen prosecutor general Usman Imayev, who fell ill last Sunday, feels good enough to participate in a regular round of negotiations on Thursday.

Volskiy Interviewed: No Concessions

LD1707190895 Moscow Russian Television Network in Russian 1625 GMT 17 Jul 95

[From the "Details" program]

[FBIS Translated Excerpt] [Correspondent Nikolay Svanidze] Hello. Last night, in connection with the three-day break in the Groznyy talks, the Russian delegation returned to Moscow. Arkadiy Volskiy, deputy head of the Russian delegation at the talks in Chechnya, arrived with a high temperature and hid from journalists, while expecting a meeting with Prime Minister Viktor Chernomyrdin. However, the meeting was postponed until 1300 tomorrow. An hour and a half ago, Volskiy gave an interview to "Details."

[Begin recording] [Volskiy] The first detail is that we are not holding talks just with Dudayev's side. We are holding three talks: The National Salvation Committee, the government of national reconciliation, Dudayev's side, and the Russian side. Therefore, the tripartite [as heard] talks in progress cannot be described in the terms used by our press: Why has Russia, as it were, sat down at the negotiation table with the Dudayev side, as it were.

But even if it were a matter of holding talks with the Dudayevites alone, we would have had to sit down to the negotiation table with them, all the same. [passage omitted]

[Svanidze] Are you feeling pressure from the militarist forces — the party of war, in other words?

[Volskiy] You know I am feeling pressure both from the party of war and the party of fools. These two parties are not just exerting pressure, but are trying to exploit the situation to their own political ends. It is essential for us, the government commission and the government delegation who are working there, that there is peace in the region. Not peace at all costs — but peace that takes account of justice, including the interests of Russia. Speaking openly in front of the television camera, I will tell you that we have not made a single concession. Speaking here frankly and openly, I promised the Chechen people that I would not mention the word capitulation. So, let us use the tactful word disarmament. But does it mean anything different. Fundamentally both words mean the same thing. If the Chechen side opts for complete disarmament, and recognizes all of Russia's other demands.

[Svanidze] So, what does the Chechen side demand?

[Volskiy] During this month we have discussed about 70 points of the agreement [as heard]. We will now have to make a decision. This is why we are in Moscow. The Chechen side demands one thing: That there should be some sort of concept that will justify Dudayev remaining in power and his regime continuing until the elections and until disarmament is completed. But we cannot agree to this. So, we have to coordinate a kind of clause that will reflect the demands of our side, too. [passage omitted]

[Svanidze] Are you under pressure from power structures [silovyye struktury]?

[Volskiy] It varies. We and the government have been showered all of a sudden with messages from numerous analysis centers. I do not even know many of them. I spent an hour and a half reading some of them today, and I was absolutely terrified.

[Svanidze] Why? Do they want blood?

[Volskiy] Yes, they want blood and tension in the country. Messages from some people, whose names I would not like to mention publicly on television, want the president and the prime minister to quarrel. What difference will that make? The prime minister is described by some to have acquired neo-Gorbachevisms. This is written by very important people. [passage omitted] [end recording]

Outcome of Groznyy Talks Viewed

MK1807125295 Moscow SEGODNYA in Russian 18 Jul 95 p 2

[By Pavel Felgengauer under the "Prognosis" rubric: "The Question of War and Peace — To Be Decided by Field Commanders. Russian Cannot Afford To Withdraw From Chechnya"]

[FBIS Translated Text] During the past week, talks in Groznyy finally reached the most fundamental question that ultimately started the Chechen war. The Chechens were pressing and continue to press for the recognition of Ichkeria's independence either immediately or following the elections that are promised for the fall. The Russian delegation, naturally, would not do this since, in order to recognize Chechnya's independence, the Russian Constitution would have to be altered and the absolute principle of the Federation's territorial integrity taken out.

Russia is fully prepared to let the future Chechen government have the broadest rights of autonomy like the "Tatar" or "Yakut" or any specially invented "Chechen" version of the separation of powers. However, Moscow would not accept any decision that would revive Dudayev's pirate republic, with Groznyy airport being turned into an international airport, but with no Russian customs or passport control, and the strategic railroad (the only dual-track railroad to the Transcaucasus) running across the republic becoming impassable because of bandits.

The Chechens, however, do not yet seem to believe that Moscow is in principle capable of following any kind of consistent policy in the Caucasus for any length of time. In Chechnya they remember November 1991 all too well, when the Supreme Soviet revoked President Yeltsin's edict on the emergency situation in Chechnya, with President Gorbachev ordering the army to observe strict neutrality in Moscow's conflict with Dudayev and the regiment of interior ministry troops flown to Groznyy did not even try to offer a semblance of resistance. The Chechens were waiting throughout winter and spring 1995 for the Russian forces to either themselves refuse to make war or for peace-loving politicians and the public in Moscow to make them retreat. The hope for a miraculous change of tide in the war sustained resistance in the most hopeless of conditions.

The Chechens believed they would be able to fight in their own highlands even more successfully than they did in Groznyy in winter, but their resistance was broken in a matter of weeks. No protracted organized defense in the several remaining settlements and gorges is now basically possible. The terrorist raid on Budennovsk in June was primarily an act of desperation. Had Basayev and his detachment been killed, which was actually quite possible in principle, this would have in fact marked the end of the war. They would have become convinced in Chechnya that Moscow is prepared to fight to the end and that they had to make peace. Instead, Usmanov and Maskhadov came for talks in Groznyy, in the wake of Budennovsk, fully confident that the Moscow politicians were finally prepared to capitulate out of election considerations and that all they were doing was seeking a decent contractual form. This is what must account for Maskhadov's publicly expressed confidence that "the war is over." The Russians would sign the protocol and then clear out, leaving the Chechens to thrash it out among themselves.

The Chechens appear not to realize yet that the Russians will never leave. Any central government in Moscow, whatever its future political orientation, will never reconcile itself with the existence in the North Caucasus of a quasi-independent bandit state with a criminally oriented economy fully dependent on the Russian economy and parasitizing on it but never bowing to Russian laws.

Therefore, the decision on whether peace or war should prevail in Chechnya is now fully up to the leaders and field commanders of the Chechen armed resistance. If most of them really do agree to lay down their arms and, instead of making war, participate in the rebuilding of a peaceful Chechnya as part of Russia and at the same time "win over" the inevitable minority of those prepared to fight to the end, there will be peace in Chechnya. If all the Chechens do is try to improve their positions during a partial troop withdrawal in a renewed bid for independence, there will be war in Chechnya.

Here there is no hope that the Russian political leadership will be able to independently see through the subtleties of the situation in Chechnya in order to cleverly manipulate the ambitions of various leaders and field commanders by wielding the scalpel rather than the hammer of tank columns. The present government is not up to such subtleties.

Deputy Interviewed on Budennovsk Crisis

954F2776A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 10 Jul 95 p 2

[Interview with State Duma Deputy Yevgeniy Loginov by Dmitriy Gorbachev; place and date not given: "Yevgeniy Loginov: 'This Was Worse Than Groznyy': The Budennovsk Tragedy Through the Eyes of Eyewitnesses"]

[FBIS Translated Text] Yevgeniy Loginov, State Duma deputy from the LDPR [Liberal Democratic Party of Russia], recently visited our city. During the Budennovsk tragedy he was in that city. He related his version of the events to our VECHERNIY NOVOSIBIRSK correspondent.

[Loginov] First of all, I have to say that the mass media coverage of the Budennovsk events was very spotty and tendentious. There were many things the press simply could not see: Each square centimeter around the hospital was exposed to fire. All one could do is look out from behind the houses at quite a distance and take a long shot of the hospital, the burning building, the white sheets in the windows—nothing else. Basayev showed journalists only what he deemed necessary. Thus, the picture was quite incomplete. For instance, nobody mentioned that the hospital consisted of not one but two buildings—there also was a trauma center, and there were hostages there too. Hostages were also kept in the basement, the boiler house, and the garage. Sometimes the press passed on outright lies. The vaunted human rights activist Sergey Kovalev did not participate in negotiations with Basayev and did not offer himself and a group of human rights activists to take the hostages' place. The only proposal of this sort came from Yuriy Ruda, State Duma deputy from the LDPR. Kovalev was kept out of the operations headquarters, from the MVD [Ministry of Internal Affairs], and Lieutenant General Vostrikov from the MChS [Ministry of Civil Defense, Emergency Situations, and Recovery From Natural Disasters] also did not want to talk to him. Kovalev, and a group of "human rights activists" like him, loitered around the town with a megaphone and tried to set the people against the military. Kovalev simply could not participate in negotiations with Basayev: There was only one telephone line connecting the headquarters with the hospital, and it worked only one way—only Basayev could call, and the people in the headquarters waited for his calls. So, Kovalev's actions are a graphic example of political opportunism and politicking. I understand, of course, that elections are coming up soon and one needs to attract voters, but it is immoral, to say the least, to earn political capital from human pain, from a national tragedy.

From the very moment of the hostage-taking, the LDPR took every measure toward their release. Zhirinovskiy called on his extensive contacts in the Muslim world to put pressure on Basayev; there was a stand-by agreement with a number of large banking structures, which were willing to provide any money for a payoff to the bandits; in the event Basayev agreed to leave Russia, airplanes of the Orel-Avia company were chartered, and there was an agreement with the PVO [antiaircraft defenses] to let these airplanes through to any point in the world. Zhirinovskiy pulled all his strings in the Ministry of Defense and Ministry of Foreign Affairs, and Basayev's younger brother and cousin were brought out from Maskhadov's combat units. I have to say that while Dudayev is an all-Chechnya leader, in the combat units Basayev's authority is much higher. Dudayev is the leader only as long as he is waving the green banner of Islam.

Thus, Basayev was offered everything possible. He refused everything, however, and swore to personally shoot his brother if he showed up at the hospital. He made the same promise regarding the elders council, which, according to Basayev, is not an authority for him. The mufti's opinion was of not interest to him either—he said he would gladly exterminate the entire office of mufti as betrayers of Islam. Neither was he impressed by what Chechen crime bosses living in Russia—who were also brought into dealing with this problem—were telling him. Basayev said that you could shoot all Chechens living in Russia in front of his eyes and he would not even flinch. In his opinion, they are all traitors. A real Chechen must live in Chechnya and fight. His people's morale was very high, and why not—in a matter of one hour they brought a whole Russian city to its knees. They could do whatever they wanted there. The fact that Basayev did not seize the district police precinct only means that he did not need it. The bandits were euphoric.

[Gorbachev] That is, all negotiations with Basayev ran into a wall?

[Loginov] Yes, Basayev did not want to agree to anything. All carrot-dangling was useless. Basayev demanded only one thing: The immediate withdrawal of all Russian troops from Chechnya. Zhirinovskiy also talked to Basayev, but got nowhere with him. Meanwhile, just a day before the assault 54 bodies were brought out of the hospital, all shot through the head for good measure. These were mainly helicopter regiment officers. When the shooting began in Budennovsk, they were raised on alarm, armed with Makarov handguns, and brought to the city. But a handgun is no weapon against submachine guns and machine guns, and some pilots were taken prisoner. The headquarters was not ready for the assault, and nobody could make any decision. All the talk about Yeltsin ordering the assault before he flew to Halifax is nonsense. On the eve of the assault Zhirinovskiy met with Stepashin and Yegorov. I did not see Yerin anywhere at all, but Mikhail Yegorov was indeed very active. He is the only person who carried weight with the MVD. Zhirinovskiy took an exceedingly hard-line position. He is the only one among major Russian politicians who supported the enforcement ministries and proposed some realistic action. Zhirinovskiy said that an assault was necessary. A group as large as Basayev's cannot all consist of heroes, and it is necessary to put pressure on people—they will want to survive and will become more amenable.

[Gorbachev] What do you think about the mass media coverage of the assault—was it really unnecessary and even harmful?

[Loginov] Of course this is not so. For some reason, the press did not say that the special services in a matter of three minutes took the trauma center and all the structures adjacent to the hospital—the boiler house and the garage, as well as the first floor of the main building—and neutralized the explosive device installed in the hospital. They freed 150 hostages. In the course of the assault, in addition to the bandits, 11 hostages died. This is regrettable, but the press mentioned a completely different figure, adding in those whom the Basayevites had killed before the assault. From the military standpoint, the assault was carried out brilliantly. I have to say that as he launched this operation, Basayev calculated everything down to the minutest detail. Of course, he had no intention of moving on Moscow—he aimed at precisely Budennovsk, the hospital building. It is very conveniently located: No structures around it, and you can keep all its environs within the field of fire. The commandos has superior armaments: antitank weapons, under-the-barrel grenade launchers, telescopic sights, night vision devices, silencers, and many other things. For all intents and purposes their equipment differed from that of Alpha only in that the latter had helmets with built-in radio communications. The problem was also that the spetsnaz is trained to operate in buildings, airplanes, and buses, but here they had to first cover the distance to the hospital under the hail of firepower, and because of the numerous antitank weapons the guys practically could not be given armor protection. Besides, each decision had to have 10 approvals; their hands were tied, and Moscow did not want to assume responsibility. Even though it is clear that if you are stripped of your rank today, tomorrow the people will return it with gratitude.

It is also characteristic that television did not show a single person freed in the course of the assault. That is, they were filmed, but what these people said was not shown. They were in the trauma center, in the basement, and many were in casts, some disabled. The bandits not only took away all their medications and doctors, not only robbed them clean, having taken all the food and items from the hospital store—including women's winter boots—they were without water for three days. Only on the eve of the assault were the hostages given a small bowl of soup.

At the time when Kovalev was walking around with a megaphone and yelling that the federal troops (he calls our army in Russia federal troops) are murderers, the Basayevites were killing hostages in the basement. This is something more than betrayal. Things were somewhat different on the second floor of the main building, and that is why journalists were permitted there. I thought I would never see anything worse than Groznyy, but it was worse in Budennovsk. During the assault women's wailing rang out over the city. The women in the hospital wailed, as did the women in the city—from windows and balconies. But the assault succeeded, and I would erect a monument to all its participants. Basayev was practically unprepared for the assault, he did not expect it—never mind what is being said now. And he immediately agreed to concessions, negotiations. The telephone in the headquarters began ringing right away.

Zhirinovskiy was right: Not all the murderers turned out to be heroes—some tried to fight their way out of the hospital, and two escaped in women's clothes but were captured. The second assault would have been even more successful: The commandos regrouped, unable maintain an all-round defense, and because of the fire in one part of the building one could approach it under the cover of smoke. But Moscow pulled out the stops.

Negotiations began. Basayev kept changing the conditions, and shot at delegations, but things got moving.

One moment he wanted the military to be withdrawn from Chechnya to the Baku-Rostov line; another—for the military to withdraw from the foothills and let the Dudayevites descend to the valleys from which they had been completely cut off; and in the end, it all settled on the agreement to begin negotiations in Groznyy.

The worst part is that the murderers were permitted to get away. After they got on the buses, they could have been eliminated very easily. The special services calculated everything precisely: As little as two hours after departure the buses began to break down in the middle of nowhere, and there was not enough water. It would have been no problem to add a soporific to the water or to liquidate Basayev's group in the field.

Alpha loved the bus option—they promised to swat the bandits like flies. But no permission was given for action, and the bastards walked away. I have to add that the Chechens' taking of Budennovsk was not confined to those couple of days. They had established themselves there well in advance—the city was under the control of a Chechen crime boss, and many persons in the administration and police had been suborned. It is nonsense that all the bandits rode into the city in KamAZ trucks. Many of them came earlier in their own cars, and the shooting began from many directions simultaneously. An investigation was launched, which a lot of people in Stavropol do not like, but it will get nowhere. In my presence, Cossacks told the police the names and surnames of the guilty, but were told that there is no proof. The city, drenched in blood, is seething, and a social explosion is quite possible.

[Gorbachev] And the last question: Do you not think, Yevgeniy Yuryevich, that now that the prime minister of Russia has entered into direct negotiations with terrorists and let them escape with impunity, any bandit will decide that it is permissible to take our citizens hostage and, by killing them, get any concessions from the state?

[Loginov] Yes, this is true. We are all absolutely defenseless, and only a change of government can change the situation. That is why the LDPR faction expressed no confidence in the government in the Duma.

Altay Tightens Security as Chechen Refugees Arrive

LD1707145595 Moscow ITAR-TASS in English
1107 GMT 17 Jul 95

[By Valentin Pavlov]

[FBIS Transcribed Text] BARNAUL, July 17 (ITAR-TASS) — The necessity for tightened security at objects of vital importance in the Altay region (Southern Siberia) was voiced at a consultation meeting headed by chief of the regional administration Lev Korshunov.

This issue was placed on top of the agenda owing to an increasing inflow of Chechen refugees to the region, especially where it borders Kazakhstan, much to the fear of local citizens, chief of the Altay regional interior department Vladimir Chernov said.

The information available is being checked by local policemen, he said. However, participants in the meeting stressed that whatever the result, security was certain to be tightened at a range of objects such as Barnaul's utilities, factories and organisations.

An increased number of telephone calls threatening to blow up hospitals, the broadcasting centre and even the regional administration building was reported. Every hoax is being investigated, he said.

Upsurge of Drug Addiction Observed in Chechnya

LD1707173995 Moscow ITAR-TASS in English
1535 GMT 17 Jul 95

[FBIS Transcribed Text] GROZNYY, July 17 (ITAR-TASS) — An upsurge of addiction to narcotics is being observed now in Chechnya into which the youth is being actively drawn while the law enforcement bodies of Chechnya manage to confiscate not more than 5 per cent of the volume of illegal turnover of drugs.

This was stated by the adviser to the special temporary unit of the Russian Interior Ministry in Chechnya in an exclusive interview with ITAR-TASS today.

Experts from this unit help officers of the Interior Ministry of the Chechen Republic in the fight against the illegal trade in narcotics.

According to a representative of the Interior Ministry of the Russian Federation, 165 drug addicts have been officially registered in Chechnya, but the real number of people using narcotics without medical recommendations amounts to no less than 3000 people.

In the past two months, according to data from the Interior Ministry, over 25 criminal actions have been taken against drug dealers in Chechnya.

Since the end of May about three kilograms of strong narcotic substances have been confiscated on the territory of the Chechen republic, mostly opium, according to this data.

The adviser believes that during Dzhokhar Dudayev's rule in Chechnya control over the drug situation was actually lost, and deliveries of narcotics were organized from a number of republics of the former Soviet Union — Azerbaijan, Abkhazia and Ukraine.

According to estimates by experts, crops of poppy and hemp during this period have increased 10-20 times. Seven hectares of illegal crops of poppy and hemp have been revealed this summer in rural areas of Chechnya. Hemp plants were also found in populated localities of the republic, including the capital Groznyy.

As a rule, the representative of the Russian Interior Ministry said, approaches to the fields of poppy and hemp are mined which seriously impedes their search and destruction.

The price of opium at Chechen markets is 35,000-50,000 roubles per one gramm.

The adviser is particularly concerned about the growth of drug consumption by servicemen from the grouping of the federal troops in the Chechen Republic where marijuana smoking is being spread.

Anti-Caucasian Feeling Mounts in Steppe Rayon

MM1707131895 Moscow IZVESTIYA in Russian 15 Jul 95 p 5

[Report by Aleksandr Kislov: "National Hysteria in Trans-Volga Steppe Region"]

[FBIS Translated Text] Saratov Oblast — The events that have occurred in Perelyubskiy Rayon, Saratov Oblast, in the steppe, show that the Caucasus campaign has contributed to a drastic eruption of anti-Caucasus feelings. In a rayon where the population density does not exceed five people per square kilometer, the hospitable and easy-going Slavs have suddenly started to feel cramped living alongside the proud Southerners. At a citizens' rally, it was decided to expel the Caucasians from the rayon.

The further you advance into the Trans-Volga regionm, the vaster the steppes and the keener the feeling that, for these parts, 100 miles means nothing. Perelyubskiy Rayon with a population of less than 20,000 extends over 150 km from North to South. We realized we had passed its border when our Ikarus bus, on a regular route, was stopped by three well armed policemen and a soldier in a bulletproof waistcoat entered the bus and ordered:

"Persons of Caucasian nationality must submit their documents."

An elderly unshaven man on the front seat was one such. He announced in confusion that he had left his passport at home. He was taken outside and handed over to the police captain standing next to a "UAZ" truck. The passengers' faces registered satisfaction that it was not everyone but only the "blacks" who were being subjected to this control. It is true that after a brief talk, the captain released the Caucasian and we moved off.

In Perelyub today, by public request, a process of ethnic cleansing is under way. Administration head Valentin Panchurin by an edict has banned the temporary registration of persons of Caucasian nationality and has instructed the rayon police chief to ensure the expulsion outside the rayon of Southerners living here without registration of temporarily registered. As of today, about 100 Caucasians have already left the rayon. All trading points belonging to southerners have been closed.

Hatred toward the Azerbaijanis, Chechens, Lezgin, and Kurds, of whom there are now about 1,000 in the rayon, ripened slowly as the indigenous population grew lumpen and individual Caucasians prospered. The Perelyubskiy Rayon Slavs, accustomed to living without thinking or hurrying, without making a great effort at work, are angered by the enterprise of the guests who came to them with their own statute and are gradually becoming the masters here. The first signs of anti-Caucasian hysteria began to appear during the Chechen campaign. The events in Budennovsk greatly heated passions, and they completely erupted recently after the brutal murder by Lezgin Vagif Alimov of his Russian friend Aleksey Shevtsov.

According to rayon prosecutor Vladimir Shukin, this tragedy has no ethnic connotations: It was a domestic crime of the kind common in our time. The following picture emerges from the investigation materials. Aleksey, released from the army two weeks ago, invited Vagif and a girl to his house. They got very drunk and smoked marijuana. Then Vagif left Aleksey alone with the girl and came back toward morning. The girl did not want to make love with the Lezgin as well, and went home. The investigation has not yet established for sure what happened next. Vagif, arrested a few hours after the murder, says that Aleksey attacked him with a knife and that he stabbed his friend in self defense.

Two days after the funeral people gathered for a meeting. Nadezhda Shvetsova, the wife of the dead man's brother, to stormy applause stated that all Caucasians should leave the rayon within 24 hours, leaving behind their real estate. The woman's call to raise the entire oblast to struggle against Caucasian expansion also met with ardent approval.

They decided to form an initiative group and a couple of days later to hold a rayon rally on the main square. Representatives of the oblast authorities came to the rally. Viktor Vaulin, the oblast prosecutor's senior assistant, spent half an hour trying to persuade the heated steppe people that there is no law on deportation, that we are now suffering seriously from the consequences of Stalin's repression of entire peoples.

"If there is no law a law should be passed," objected Nikolay Shaykin, formerly a timber establishment director and now a driver. "Meanwhile those who have lived here for less than three years should be expelled mercilessly."

Ivan Kolodezhnov, chairman of the rayon committee of the trade union of agro-industrial complex workers and secretary of the Communist Party of Russia rayon committee, raised the issue to an inconceivably patriotic level:

"I suggest paying a tribute of national respect and constructing a monument to the victims of the struggle for a free Perelyub!"

I viewed a video recording of the meeting and the rally in the company of police chief Aleksey Shumikayev and Yuriy Ivannikov, deputy editor of the rayon newspaper

TSELINNIK. I could not help feeling we were watching a feature film about Gothamites.

"What have ethnic relations got to do with it?" the police major said angrily. "In January a drunken Russian strangled a Kazakh woman, a second-category invalid — just like that, for no reason. But the Kazakhs did not rise up to fight the Russians. I believe that passions are being kindled artificially. In the evening after the rally someone incited a crowd of young men to go and beat up the Lezgins. The latter were unloading crates of beer near their store. Why beat us up, they asked, we have not stabbed anyone. Nevermind, our boys said, we will not beat you up if you give us two crates of beer. With that they went away."

The virgin land of Perelyubskiy Rayon, bordering on Kazakhstan, Orenburg and Samara Oblasts, is traditionally international. There are Bashkir villages here, many Kazakhs, and of the Caucasians the most numerous are Azerbaijanis and Chechens. Many families of southerners have been living here for 20 years and are considered natives. In the past year or two people have flocked here from the Caucasus.

Life in the rayon today is hard. The peasants on some farms have not received wages for a whole year. The drought has scorched the harvest: Some 40,000 hectares of grain crops are ready to be written off. There will be no grain, and that is the rayon's main source of revenue. What will be used to buy fuel and food and what can they use to pay for electricity? People have become extremely poor and are very worried about the future. Before their eyes Mugabil Bashirov, a former leader of an independent construction workers' team, is wallowing in luxury: He has his own store with an Azerbaijani name and has bought an industrial combine where he exploits Russian women and he changes cars as though they were gloves. The ordinary inhabitants, angered by agitators from the ranks of the former party and economic aktiv, do not consider that Bugabil achieved his prosperity through his own labor and patience. His store, which has been set on fire three times and blown up once, is beneficial since in contrast to the consumer cooperative it carries food and goods in daily demand produced at the industrial combine.

Actually there is a real basis for dissatisfaction. Last year members of the southern diaspora committed two rapes and one cattle-rustling crime. But the rapists escaped punishment; at the last moment, the women who were their victims refused to testify to the police. Nonetheless the proportion of crimes committed by Caucasians is tiny and in no way accords with the number of law violations committed per capita among the Russian population.

Valentin Panchurin, head of the rayon administration, said that today people are seeking culprits and finding them among the foreigners living next to them. They do not want to look at themselves, although many were assimilated long ago. Laziness and drunkenness are the main reasons why the Russian population of Perelyubskiy Rayon lives badly. Although there are positive examples. Former driver Perepelitsa, who has his own trading firm, "Provintsiya," is competing successfully with Bashirov. But there are very few like him.

Administration head Panchurin and Prosecutor Shukin are aware of the illegality of the decisions to restrict the Caucasians' rights. But they believe that if they categorically opposed the masses, it could result in lynchings. These measures are temporary, the rayon leaders said, the wave will die down and then we can return everything to a legal footing.

Shumeyko Censured by Tatarstan on Ardzinba Boycott

LD1707195895 Moscow INTERFAX in English 1758 GMT 17 Jul 95

[FBIS Transcribed Text] KAZAN, Russia, July 17 (INTERFAX) — President of the Russian constituent republic of Tatarstan Mintimer Shaymiyev has censured Vladimir Shumeyko's, head of the Federation Council, initiative to boycott the leader of Georgia's breakaway province of Abkhazia Vladislav Ardzinba.

Shumeyko, during a tour of Transcaucasian countries last week, called for the complete isolation of Ardzinba and compared him to separatist Chechen leader Dzhokhar Dudayev.

"Shumeyko burns his bridges by making such statements at a time when he speaks about his mission to Caucasus countries and says he has obtained support for the idea of an autumn meeting on Caucasus problems," Shaymiyev told INTERFAX. "That is not a serious policy."

"In conflicts such as the Georgian-Abkhazian, Chechen-Russian or Moldovan-Transdniester ones, it is never the case that only one party is to blame," the Tatar president argued. "Both parties must take steps to solve their problems. Accepting the position of only one party is unacceptable for a chairman of the Federation Council of Russia."

"As a Federation Council deputy I distance myself from Vladimir Shumeyko's statement and think the majority of deputies will take the same line," Shaymiyev said.

Ossetian, Ingushetian Presidents Agree to Peace

MM1807110895 Moscow ROSSIYSKAYA GAZETA Single Edition in Russian 18 Jul 95 p 2

[By Osman Gadaborshev: "As Is the Custom with Neighbors; North Ossetia and Ingushetia Have Renounced Territorial Claims Against Each Other"]

[FBIS Translated Text] Vladikavkaz — A meeting of the presidents of North Ossetia and Ingushetia, Akhsarbek Galazov and Ruslan Aushev, has taken place in Vladikavkaz at the peace negotiations table. They confirmed their adherence to the Russian Federation Constitution and their desire to fulfill the Russian Federation president's edicts and the Russian Government's decrees on questions of the elimination of the Ossetian-Ingushetian conflict. Galazov and Aushev assured each other that they are ready to continue the peaceful settlement of relations between the two neighboring republics.

The meeting ended with the signing of the agreement "on measures to fulfill the Russian Federation president's edict on overcoming the Ossetian-Ingushetian conflict." The main thing in the document is both sides' renunciation of territorial claims on each other.

Agreement was reached at the meeting to specify within two months with a consideration for the altered situation the existing procedure for the return of refugees and enforced resettlers of North Ossetia's Prigorodnyy rayon to the places where they used to live. The sides decided to prepare and adopt within a month a program for the joint work of the two republics' governments to normalize the moral and psychological situation with the broad enlistment of public organizations, scientific and cultural institutions, the mass media, and religious faiths and to pool the efforts of the law enforcement organs to ensure the protection of citizens' rights, freedoms, and safety.

The republics' presidents agreed to meet in a month's time in Nazran where a document may be signed on economic and cultural cooperation between North Ossetia and Ingushetia.

Communist Workers Party Calls for Election Unity

MM1807133695 Moscow PRAVDA in Russian 15 Jul 95 p 2

[By Yuriy Terentyev, secretary of the Russian Communist Workers Party's Leningrad Committee: "In A United Bloc!"]

[FBIS Translated Text] In 1993 the Russian Communist Workers Party [RCWP] actively boycotted the State Duma elections, whereas today it is preparing for them. Some comrades view this step as admission of a past mistake. That is incorrect. The RCWP does what strengthens the standing of Communists and promotes the development of our movement. In 1993 elections were needed above all by Yeltsin, in order to wipe the blood from his hands following the shooting of the defenders of the Constition. Hence we boycotted those elections.

In the intervening time the situation in the country has changed. So the tactics of the struggle are changing accordingly. Today the RCWP faces the task of making a concerted attack on a regime which seeks with the aid of elections to consolidate a rule that is pernicious to the state and to the people. It is for this reason that the RCWP is taking part in the elections.

The experience acquired by Leningrad's Communists provides a model for actions in the forthcoming campaign. In the spring of 1994 we had to fight for seats in the Legislative Assembly. The oblast organization of the Communist Party of the Russian Federation [CPRF] at that time refused to join a united bloc with the RCWP and other parties. The result was lamentable. Communists did not obtain a single seat in the 25 districts in which elections took place.

By the fall the leaders of the CPRF had taken up a rational position. The united bloc "Communists of Leningrad" created by the CPRF and the RCWP outdid all its rivals in terms of the number of people who voted for it, and obtained 4 seats. The Communists' unity was also reflected in the voter turnout. In the fall it was 5 percent higher, and Communists received the votes of all the extra participants in the elections. People saw in the unification of the communist movement the possibility of victory, and therefore they turned out to vote.

In December's State Duma elections we need not simply success, but victory by as wide a margin as possible. Only then will it be possible to stop the onslaught of the criminal-compradorist horde which is devouring the country like lice.

I would like to hope that the leadership of the CPRF, realizing that the country has already crossed the threshold of catastrophe, will make a wise decision to form a bloc and a single list. "Red Front!" — this slogan has never been more topical.

Sverdlovsk Oblast Election Campaign Begins

954F2761A Moscow SEGODNYA in Russian 5 Jul 95 p 3

[By Irina Vladykina in Yekaterinburg under the "Preparations" rubric: "The First Candidates for Governor Have Been Registered in Sverdlovsk Oblast"]

[FBIS Translated Text] The Sverdlovsk Oblast electoral commission has begun registering the candidates for governor of Sverdlovsk Oblast. On 3 July the first candidate was registered — Valeriy Trushnikov, first deputy administration head of Sverdlovsk Oblast, who is running from the Harmony and Dignity public-political movement. A total of 32,000 signatures were collected in support of that candidate for governor. He was nominated by 113 groups of voters. On 4 July the oblast electoral commission issued a registration certificate to another candidate — Eduard Rossel, chairman of the Sverdlovsk Oblast Duma, who is running for governor from the Transformation of the Urals public movement. He was also supported by the Union of Pensioners and the Union of Urals Scientists. Yekaterinburg mayor Arkadiy Chernetskiy unexpectedly announced that he would not participate in the forthcoming election. However, he does not deny the possibility of his participating in the next one. Probably the mayor of Yekaterinburg, who occupies, according to the results of a public opinion poll, the third place after Eduard Rossel and Aleksey Strakhov, has decided to save his strength and achieve success four years from now.

In the opinion of the registered candidates for governor, the collecting of 25,000 signatures is no easy matter, and not everyone can achieve that. Fourteen persons have announced their desire to take part in the election. However, according to general opinion, no more than seven candidates will be registered. According to the existing statute, candidates for governor must leave their jobs in order to participate in the election campaign and must provide the commission with documents confirming the fact that they have been freed of executing their official duties for a period of three days during the election.

On 15 July, there will be a drawing to determine the procedure for statements made by the candidates for the position of governor of Sverdlovsk Oblast, jointly with the Sverdlovsk State Television Broadcasting Company and OBLASTNAYA GAZETA. The candidates will be given 20 minutes each to make statements on television, which will be paid for by the Sverdlovsk Oblast electoral commission. A total of 13 billion rubles has been allocated from the oblast budget to carry out the election to the position of governor of Sverdlovsk Oblast. According to Vladimir Priymak, chairman of the oblast electoral commission, the electoral commission already has one-fourth of that amount at its disposal.

Within the next few days the electoral commission intends to consider the question of registering a third candidate — Aleksey Strakhov, the Sverdlovsk Oblast administration head. A working group is completing the verification of the lists of signatures that have been submitted by him to the electoral commission. Thus it is already possible right now to confirm that the election marathon in Sverdlovsk Oblast has begun.

World Bank Plans $100-Million Loan to Novosibirsk

MM1807084795 Moscow IZVESTIYA (Financial Section) in Russian 18 Jul 95 p iii

[AFI report: "World Bank Intends To Issue Loan To Novosibirsk Oblast"]

[FBIS Translated Text] The World Bank intends to issue Novosibirsk Oblast a loan of up to $100 million guaranteed by the Russian Government.

The loan will be issued in early 1996 for 15 years at 7.5 percent. The oblast administration will repay the loan, which is intended for the development of health care, public education, and housing and municipal services in the oblast, in conjunction with the Russian Government.

The question of the banks which will service the World Bank loan is currently being examined. They will probably be Moscow's "Mostbiznesbank," "Inkombank," "Tokobank," and "Stolichnyy Bank Sberezheniy."

Two Satellite Communications Stations Commissioned

MM1707154595 Moscow KRASNAYA ZVEZDA in Russian 15 Jul 95 p 3

[By Oleg Bedula: "'Gazprom' Builds 'Satellite' Home"]

[FBIS Translated Text] Ukhta — Two satellite communications stations have been commissioned in Ukhta. One of them — for the "Severgazprom" enterprise — is part of a global program for the deployment of a Russian satellite communications network by the "Gazprom" Russian Joint-Stock Company (code-named the "Yamal" network). This program is being implemented by the "Energiya" missile-space complex and the "Gazkom" [name as published] Joint- Stock Company.

The second, belonging to the "Rustel" Joint-Stock Company, provides international communications services for gas workers on the basis of a contract with "Severgazprom": Telephone numbers are fed to the

Berlin teleport [nomera telefonov vklyucheny v teleport Berlina].

New TV Transmitters in Nizhniy Novgorod

MM1807121795 Moscow ROSSIYSKAYA GAZETA Single Edition in Russian 18 Jul 95 p 3

[By correspondent Yuriy Shukov: "TV Screens Have Lit Up"]

[FBIS Translated Text] Nizhniy Novgorod — A new television transmitter has begun to operate in the city of Sergach, a rayon center of Nizhniy Novgorod Oblast. That means that a further nine rayons in the oblast have acquired the opportunity to see television broadcasts from Nizhniy Novgorod.

Three months earlier a similar transmitter went into operation in the city of Lukoyanov. Next in line is the commissioning of transmitters in the cities of Vyksa and Shakhunya and the workers' settlement of Krasnyye Baki. Yuriy Denisov, chief of the oblast radio transmission center, has stated that such a broad television space with a modern technical base so far exists only in Moscow Oblast.

The development of the oblast's television space is an expensive business. The oblast budget has already invested about 4 billion rubles in the construction of transmitters, slightly more than half the sum needed. A further 3 billion will be earmarked by the end of the year.

Safety of Kola Nuclear Power Station Questioned

MM1707153195 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 15 Jul 95 p 9

[By Vladimir Gromov: "Nuclear Renaissance: A Safe Nuclear Electric Power Station?"]

[FBIS Translated Text] The comparatively minor emergency that occurred at the Beloyarsk AES [nuclear electric power station] raised a sensitive topic in the press once again — the danger posed by nuclear power stations. And somehow it seems to be overlooked that there is an AES operating in Russia, which is even in line for further development and which, according to the specialists, could provide a model of safe operation.

Whenever the discussion turns to the safety of Russian nuclear electric power stations, the Kola AES should be mentioned first. The IAEA [International Atomic Energy Agency]) commission that worked there was highly satisfied with the results of its inspection.

This is despite the fact that the Kola AES reactors are nearly the oldest in the country. Only the power units at the Novovoronezh AES are older than these. When they were built in the late sixties-early seventies, they were designed to last "a lifetime," so that even now this type of station is regarded by the IAEA as "long-term" ["perspektivnyy"].

What is this type of AES like today? If it is such a long-term venture, what sort of future does it face? Judge for yourself. The Kola AES is in an extremely remote location. There are only around 27,000 people in the area of greatest danger (in the event of an accident) — within a 30-km radius. This is not like the Beloyarsk AES with the cities of Yekaterinburg (1.5 million people) and Kamensk-Uralksiy (200,000 people) nearby.

It is not like Chernobyl, which posed a threat to gigantic Kiev. It is not like the Kursk, Leningrad, and Novovoronezh stations, which are in densely population regions. The Kola AES is surrounded by kilometers of uninhabited land. Nothing but hills, forests, and lakes.

The argument in favor of the construction of water-cooled, water-moderated reactors (the kind that have been installed at the Kola AES) is that these units (with a generating capacity of 440 megawatts each) are surrounded by a double heat-exchanging circuit. This effect is augmented by the harsh climate of the Kola peninsula — coolant water is extracted from the frozen Lake Imandra.

When the water removes heat from the reactor, its temperature rises to 12 degrees above zero before it is discharged back into Lake Imandra. The volume of water in the lake is so great and the average water temperature in it so low that this has no perceptible effect on the condition of the water there. Even at the beginning of June there are areas along the shore where a layer of black ice persists.

No serious changes have been observed yet in the lake's flora and fauna and at the mouth of the water discharge outlet there is a fishery enterprise producing around 100 tonnes of excellent trout a year, which the Kola AES workers themselves are happy to eat. This, among other things, also answers the question of the station's impact on the ecology of the transpolar region.

"What is wrong with it, if it is doing a good job, leave it alone" — that is the opinion most widespread among the peninsula's inhabitants about the Kola AES. Even right after the Chernobyl disaster local politicians who demanded the station's closure were not very popular with the people. The credit for that belongs, of course, to the AES management, which was the first in the country to open its station to visitors. "Open days" are by no means rare here today either.

Furthermore, the station was unexpectedly transformed from a familiar part of the landscape into a guarantee of stability in the region. For several years now people have been slowly but surely leaving the oblast's mining industry — which is an extreme health hazard — whereas the lines of people wanting to work at the Kola AES have been growing.

The range of salaries provides an indication of the station personnel's material well-being — from 10 million rubles [R] for the director to R600,000 for a cleaner. The average pay of the AES's 2,700 employees is near R1.5 million. This is despite the fact that free trade has virtually wiped out the difference in the level of consumer prices in the transpolar region and in the country's major cities.

But what about radiation? The answer to this question has been provided by some Norwegian observers who visited the station during exercises staged by the Ministry for Affairs of Civil Defense, Emergency Situations, and Elimination of Natural Disasters in June. As soon as the descendants of the Vikings were warned that they were not allowed to take readings on the AES site, they sensed that they were onto a scoop and immediately stuffed their dosimeters into their pockets. So what happened?

In fact a surprise was in store for the Norwegians. And what a surprise! It turned out that the radiation level at the station itself was...lower than outside. There was nothing frightening about that — the dosimeter registers both the natural background and the influence of other production units. and the latter is negligible behind the reinforced walls of the AES.

Nevertheless, the foreigners are afraid of our nuclear stations, and because they are afraid they offer help. The Norwegian Government has allocated 20 million kroner for the development of safety systems. Finland, the United States, and the EEC [as published] are also helping. The Siemens company has recently installed a control system which monitors the entire reactor building and all the main piping. In September, the AES management is hoping to commission a four-story diagnostic center crammed with equipment. All this is being done for the sake of safety.

Meanwhile, in eight years' time, the number one power unit at the Kola AES will have to be closed down, while the second unit will also close down a year later. The reactors, with a design life of 30 years, will have reached the end of their natural span by then. Those who will regret this most, of course, are the industrial enterprises of Murmansk Oblast and Karelia. The station meets more than 60 percent of the electricity needs on the peninsula alone. The loss will be irreplaceable. That is why a feasibility study for the design of the Kola-2 AES was carried out back in 1986. The local authorities immediately came out in support of the construction project. The majority of the population also voted "in favor."

At the Kola AES they are trying to create their own investment fund for the construction of the new station 12 km away from the old one. There is also a program for the modernization of the old power units. The cost of the modernization program is already being built into electricity charges right now so that this operation will not hurt the consumers.

The Kola AES has another kind of future ahead — namely, its young specialists. The Kola AES is one of the 50 state enterprises where employment provides higher education graduates with an exemption from army service. So they will not be left without specialists here.

'Rosugol' Examines Maritime Kray Fuel Problems

MM1807124395 Moscow SOVETSKAYA ROSSIYA in Russian 18 Jul 95 p 2

[ITAR-TASS report: "Maritime Kray Threatened With 'Freeze'"]

[FBIS Translated Text] Moscow, 17 July — "Coal supplies at Maritime Kray's power stations are at just 25 percent of last year's level. The situation is becoming threatening, and urgent measures must be adopted." This is how Yuriy Malyshev, director of the "Rosugol" state company commented on the need for his trip to Maritime Kray to an ITAR-TASS correspondent. Today he is flying to Maritime Kray at the head of a delegation from the company in order to familiarize himself on the spot with the situation which has arisen with regard to winter fuel supplies.

"The most important thing right now is to adopt effective measures to stop Maritime Kray and the Far East — regions which traditionally experience fuel shortages — from being 'frozen,'" Yu. Malyshev said.

At a conference in Maritime Kray, which will be attended by leaders of Siberia's coal mining associations in addition to "Rosugol" representatives from Moscow, it is proposed to find a solution to the complex situation as regards supplying this region with fuel for the winter period, Yu. Malyshev continued. Most likely, he stressed, certain compromises will have to be made to avoid a repetition of the fuel famine which caused many inconveniences for inhabitants of Maritime Kray last winter.

Arctic Ports Opened to Foreign Merchant Ships

MM1807140195 Moscow ROSSIYSKIYE VESTI in Russian 18 Jul 95 p 1

[Unattributed report under "In the Corridors of Power" rubric: "Shipping: Closed Ports Open to Foreign Merchants"]

[FBIS Translated Text] Viktor Chernomyrdin has signed a directive permitting foreign tankers to put into the Arctic ports of Amderma, Dikson, Indigirka, and others (stipulated in a special list) during the 1995 shipping season, and foreign refrigerator ships to put into the port of Dudinka. The Russian Ministry of Defense has been entrusted with providing Russian state pilots of the Northern Sea Route and engineer-hydrographers with the (previously secret) charts and aids needed to pilot foreign ships. Border and customs control in the said ports will be carried out in relation to visitors according to the set procedure.

Orenburg Oblast Harvest Begins Early

MM1807103895 Moscow ROSSIYSKAYA GAZETA Single Edition in Russian 18 Jul 95 p 1

[Unattributed report: "Heat No Obstacle"]

[FBIS Translated Text] The Orenburg Oblast farms have begun the harvest a month earlier than scheduled. The harvest of winter wheat and rye is in full swing in 14 of the oblast's 35 rayons.

So far, a hectare sown to winter wheat is producing nine quintals of grain. In Buzulukskiy Rayon they are harvesting an average of 15 quintals, but in Yeletskiy Rayon only slightly more than seven quintals.

Economic Issues

First-Half Economic Performance Assessed

MM1807100295 Moscow IZVESTIYA (Financial Section) in Russian 18 Jul 95 p ii

[By Yevgeniy Vasilchuk: "Russian Economy Ends First Half-Year With 'B Plus' Grade"]

[FBIS Translated Text] In the summer of 1995, signs of short-term financial stabilization in the Russian economy are going hand in hand with an increase in indications of strengthening inflation for the coming fall.

According to Russian State Committee for Statistics [Goskomstat] operational information, the country's GDP in the first half of 1995 was 606 trillion rubles [R], which is 4 percent less than the same indicator in 1994. Typically, the pace of decline in GDP has slowed significantly — in the first half of 1994 GDP was 17 percent down on the first half of 1993. If this trend persists, on the basis of the results for the first nine months of 1995, we can expect GDP to stabilize at the level of the same period of 1994.

In May and June 1995, GDP in comparable prices increased by 2 and 3 percent respectively. Expressed as an annual average, GDP growth in the second quarter was, for Russia, a fantastic 7.9 percent.

Against this backdrop, the Goskomstat's downward revision of its initial 1995 first-quarter GDP estimate from R279 trillion to R263 trillion appears insignificant and entirely consonant with the 5-percent margin of error acceptable for Russia in such cases. In any event, the technical revision of the GDP estimates and the change they have caused in the relative budget parameters do not constitute grounds for the IMF to make any political decisions on freezing credits. The problems of Russian budgetary, credit, and monetary policy are entirely independent of each other and cannot be solved by collecting and processing macroeconomic statistical information.

The improvements in GDP dynamics include the fact that GDP has increased over the past few months mainly as a result of growth in capital investment and exports. Total investment was up by 3 percent in May and by 10 percent in June. Exports were up by 17 and 8 percent respectively. On the whole, by mid-1995 the situation in the real sector of the economy looked far less of a "failure" compared with the start of the year.

A clear sign of stabilization is the fact that producer price dynamics in June — 6 percent — were less than the 6.7 percent growth in consumer prices. This is the first time this has happened since the fourth quarter of 1994, when the upheavals on the foreign exchanges and the explosion in inflationary expectations "pushed" consumer prices ahead of industrial producer prices.

Forecast inflation for July, on the basis of average daily price growth in the first half of the month, remains favorable — at 5.5 to 5.7 percent.

June also saw a decline in May's feverish activity in the consumer market — there was no change in the volume of retail sales. We can view the 9-percent surge in retail trade turnover in May as an unpleasant but untypical blip.

At the same time, the presence in the trading network of the main food and nonfood goods has not declined by much — just 2 percent down on May.

The factors which have been heating the economy in the short term also include, first, the acceleration of nominal wage growth to 15 percent in June compared to 7 percent in April and 11 percent in May. Second, unemployment growth, which had continued unabated since mid-1993, virtually came to a stop in the second quarter in Russia. This is an accurate reflection of the slowdown in restructuring, the inadequacy of the government's anti-inflation efforts, and the inevitable resumption of inflationary pressures and expectations.

But the government and the Bank of Russia are still successfully convincing the markets that the situation remains under control — at least in the short term. If the figure announced by the Central Bank of 7-percent average monthly M2 growth in the first half-year is accurate, then we can hope that inflation will be successfully kept down to 5-10 percent in the fourth quarter of 1995 and the ruble exchange rate will remain within a "band" of R4,700-R5,400 to the dollar. Although it will probably not be easy to neutralize the consequences of the almost 40-percent "explosion" in the monetary base in the second quarter.

Budgetary policy in the second half-year should be tougher than was allowed in the first half by the "overfulfillment of plan" in terms of implementing the main annual budget parameters. It is hardly realistic to expect the budget deficit to be wiped out this year. But the financial markets and Russia's monetary and credit system in the second quarter of 1995 will not be able to withstand the "noninflationary" approach to funding the fiscal gap — representing more than 3-4 percent of GDP and more than a quarter of budget revenue. Sooner or later the hidden pressure will surface — either in the form of interest-rate growth that would be catastrophic for both industry and the budget, or in the form of another wave of inflation that would devalue the debts built up by the state. The green shoots of revival in investment and production would be trampled down. And the prospect of financial stabilization in 1996 followed by an economic upturn would be all the more unrealistic.

Duma's Bogomolov Sees Economy as Still in 'Crisis'

AU1407173395 Prague RUDE PRAVO in Czech
11 Jul 95 pp 1, 4

[Interview with Oleg Bogomolov, deputy chairman of the State Duma Foreign Committee and director of the Institute for International Economic and Political Research of the Russian Academy of Sciences by Vera Ivanovicova; place and date not given: "There Are No Signs in Russia of Us Being Over the Worst"]

[FBIS Translated Text] [Ivanovicova] You are one of the economic architects of Gorbachev's perestroyka. If you had known where it would lead, would you have done it again?

[Bogomolov] Of course. Today, it is obvious to all of us that the system we had then required a fundamental change — not an improvement but a really major transformation. While we may not even have realized it at first, we nevertheless reached this opinion, and we have not changed it. Unfortunately, the transformation was not properly thought out — not in the sense of final goals but rather in the sense of individual stages, the succession of the implementation of individual measures, and their content. Here, Gorbachev made major mistakes, and was perhaps even indecisive, but all the present difficulties are connected with the radical changes started after Gorbachev.

[Ivanovicova] Has Russia overcome the first shock of the transition to the market economy?

[Bogomolov] The crisis we are experiencing in the economy and politics is far from being overcome. There are no sufficiently convincing signs that a stabilization stage set in, and that the lowest point of our difficulties is behind us. Various politicians have different assessments — some are overly optimistic, others exaggeratedly pessimistic. I base my conclusions on real facts and, unfortunately, they indicate that there is no firm basis for growth because there is a lack of investment, a rather high rate of inflation of about 8 percent per month continues, and a substantial part of the population is living below the poverty level, even below the subsistence minimum. Capital continues to flow out of the country.

[Ivanovicova] What is the share of Russian Mafia in the outflow of capital?

[Bogomolov] Because of inflation, businesses prefer to leave their money in Western banks. This work as an insurance, and may help them avoid unnecessary taxes. A substantial part of the money, however, belongs to criminal organizations. Estimating their share is rather difficult but it is undoubtedly very high.

[Ivanovicova] What about the criminalization of Russian society?

[Bogomolov] It is one of the consequences of the reforms, not only the economic ones but also the concept of weakening the state, and removing it from the process of regulating social and economic life. It seems to me that it was a bad concept, largely dictated by the interests of political struggle. The inherited old state apparatus could represent for our president a certain danger as the bearer of some former traditions and efforts. Therefore, he certainly improved his position by dissolving it but did not have time to form his own efficient structures.

[Ivanovicova] President Yeltsin recently said that a financial and economic stabilization will take place in Russia by the end of the year. What do you think?

[Bogomolov] He said the same thing last year, and therefore many people wonder to what degree he bases his statement on a truly penetrating analysis of reality. At the very outset of the reforms, Yeltsin was predicting that growth would start at the end of 1992. More than two years have passed since then, and the decline continues. As an economist, I do not see sufficiently convincing arguments to share this optimistic stand, although the situation varies in different parts of Russia and in different sectors is far from being the same everywhere.

[Ivanovicova] Where is it the best and where the worst?

[Bogomolov] The reforms have had the greatest effect on agriculture and the light and food industries. They caused a lot of damage to sectors that are demanding in terms of science, and less to the fuel, mining, and raw material sectors. The sectors capable of producing exports and generating hard currency are able to survive. Those working for the domestic market will not be able to survive because the living standard has declined tremendously and purchasing power has been reduced. Moreover, the country has been flooded with imported goods.

[Ivanovicova] How is life in the countryside?

[Bogomolov] The living standard in the country certainly differs from that in Moscow. There are a lot of rich people in Moscow, they build villas and palaces in the suburbs, while in the countryside, and especially in small towns, the living standard continues to decline, and as a result drunkenness is booming.

[Ivanovicova] Statistics show that there are 30 million people in Russia with an income below the subsistence minimum. How do they manage to survive?

[Bogomolov] That is a singular puzzle. In the city, they are mostly pensioners and young people who graduate from school and cannot find work. There are also workers in numerous enterprises, however, who are forced to work a shorter work week or are temporarily laid off without pay. They help themselves by additional resources: You can take a cab in the city that is driven by a university lecturer or even professor, because they cannot make ends meet on their salaries. Many experts make extra money in the construction of villas for the Russian nouveaux riches. Others have small lots, yards, where they grow vegetables. Some rent their apartments in the city and live with friends or relatives. The war taught Russians to cope with shortages.

[Ivanovicova] How is privatization progressing?

[Bogomolov] I believe that what happened in our country is simply a crime. We disposed of the property that used to belong to all the people without asking their opinion. As a matter of fact, not even parliament made the decision but only the president and the actual sectors. Large enterprises worth hundreds of million dollars were sold for a pittance. Moreover, having sold its most profitable assets, particularly in such sectors as oil and gas industry, gold mining, etc., the state deprived itself of its revenues. Today, the state is unable to pay its debts, and does not have funds for the Army, science, or health care.

[Ivanovicova] What role did corruption play in privatization?

[Bogomolov] A substantial one. It was not just the corruption but also the advice from Western experts, as our privatization bureaus widely used Western funds and Western consultations in the preparation of the privatization projects. I would not rule out the possibility that we will have to introduce substantial changes into the privatization and correct the mistakes. With rare exceptions, it has transpired that the privatized enterprises are less efficient than the state ones used to be.

[Ivanovicova] What would happen if the United States stopped its assistance to Russia?

[Bogomolov] Nothing, because it is absolutely insignificant today, compared with the money flowing out of Russia. Every year, at least $15 or 20 billion is de facto disappearing, and reappearing on Western bank accounts or being transformed into real estate in the West. In addition, some 20 billion U.S. and German banknotes [as published] are in use within Russia. This means that every year Russia provides credits to the West, even interest-free, in a much greater amount than the total Western assistance. This assistance, in the form of credits now burdens our budget, and Russia no longer is able to control its debt. We do not need Western credits but investments — the latter are, however, in very short supply. It would be best — which is what your politicians also used to say — if the Western markets opened up to our advanced hardware, including military equipment, so we could make our own money.

[Ivanovicova] How much does the war in Chechnya cost Russia?

[Bogomolov] At this time, no one can give precise numbers. Nevertheless, it is obvious that it is a tremendous sum of money. It is too heavy a burden on Russia. Although the government creates the illusion that it will not exceed the approved budget, financing the Chechen war requires a reduction of expenditures in numerous items of the budget, and particularly in the purchase of military hardware. This means, for instance, that people in many enterprises depending on government orders will be without work.

[Ivanovicova] What shape is the arms industry in?

[Bogomolov] It is experiencing hard times. The difficulties are not only in the shortage of military orders but also in the lack of a clear conversion plan. Many military enterprises could manufacture civilian goods but, because of the low purchasing power, there is no market.

[Ivanovicova] What chances does Yeltsin have of being reelected Russian president?

[Bogomolov] His popularity is currently very low. According to sociological surveys, only 2 percent of the population trust him completely, and some 6 or 7 percent trust him.

[Ivanovicova] How do you feel about the eastward expansion of NATO?

[Bogomolov] That is a burning issue, on which the stands of the Czech and the Russian foreign policies differ. A solution must be sought that would not harm all-European security. At a seminar on Czech-Russian relations in Prague, in which I participated, we analyzed this issue, and we well understand the motives guiding the Czech politicians in their endeavors to join NATO. These motives cannot be ignored — they are an attempt to get a sufficient guarantee of security under the conditions, when the former structures guaranteeing security disappeared and a new solution must be found. The Russian politicians very well understand the wish to have security guarantees under the new conditions. On the other hand, Russia also has security interests. As a result of the collapse of the existing organizations, like the Warsaw Pact, for instance, and the disintegration of the USSR, it found itself in a very bad geopolitical situation. Its defense border, which used to guarantee security, is now in other countries. Closer proximity with the Russian border of NATO without any change in its concept and structure generates a feeling of vulnerability and uncertain security from the military point of view. Of course, NATO does not state any wish to attack, such a danger does not exist. Nevertheless, it is an existing military machinery that is combat-ready. If conditions changed, it could become a tool representing danger for Russia.

Melikyan Comments on Wage Lag in Budget Sphere

MM1707150195 Moscow TRUD in Russian 15 Jul 95 p 1

[By political observer Vitaliy Golovachev: "New Wages From 1 August? Labor Minister Gennadiy Melikyan: Permitted Level of Rigidity in Respect of Population's Incomes Was Exceeded Last Fall"]

[FBIS Translated Excerpt] Two days ago, right after the government session, a package was urgently sent to the State Duma from the White House by special courier. It contained documents approved by the Cabinet and signed by the premier on increasing the minimum level of labor remuneration. The urgency was dictated by the need for the State Duma to examine this question of extreme topicality for millions of Russians before the start of the summer parliamentary vacation. For it is proposed to introduce a new minimum of 55,000 rubles [R] as of 1 August. [passage omitted]

I asked Gennadiy Melikyan, Russian Federation minister of labor, to assess the situation in the social sphere:

"Against the background of the elements of economic and financial stabilization that have appeared in recent months," the minister said, "the state of affairs in the social sphere, particularly with regard to the level of the population's incomes, wages, pensions, allowances, and some other social indicators, is shaping up in a very contradictory manner — with ups and downs. There was growth in real incomes during nine months of last year. To a certain degree this compensated for the drop in the Russians' living standards which occurred at the start of the economic reform. By last September real incomes already stood at 70 percent of the prereform level. The proportion of the population with incomes below the minimum living wage fell from 31.5 to 23.1 percent.

"But then — during the period from September of last year through March of this year — the situation changed cardinally. During this period citizens' real incomes fell by almost one-fourth. Some 44 million people — one-third of the population — found themselves below the minimum living wage."

[Golovachev] What brought about the fall?

[Melikyan] Mainly the fact that, following the increase in wages last summer, no major measures to increase the population's incomes (with the exception of pensions) were taken for eight months, despite inflation. As a result, with consumer prices increasing 130 percent during the same period, the average per capita monetary income increased 70 percent, the average wage 45 percent, and the average pension 90 percent.

An analysis of the situation that has been taking shape since last fall gives grounds for believing that **the permitted level of rigidity in respect of the population's incomes was exceeded.** This not only influenced the social situation but also had definite negative economic consequences. The restricted growth of monetary incomes caused a drop in the population's purchasing power. This led to a drop in commodity turnover. The volume of commodity turnover fell 17 percent in the first quarter of this year compared with last year. Since the demand is less, production of consumer goods also goes down.

The drop in living standards was halted during March-May. The wages of employees in the budget-funded sphere and also pensions were increased 30 percent, allowances and grants were increased 70 percent, the minimum wage increased 110 percent, and compensation payments to pensioners doubled. The size of pensions for participants in the Great Patriotic War and for widows of dead servicemen were increased significantly.

But this is what it is important to emphasize: The size of indexation was substantially lower than the growth in consumer goods' prices. On the whole, if you take a longer period, the correlation between the minimum wage and the minimum living wage has worsened significantly and is now at a socially dangerous level.

[Golovachev] You would have thought that with the start of the reforms living standards fell so far that they could go no lower.

[Melikyan] That is not so. Here are the figures. The correlation between the minimum wage and the minimum living wage stood at 28 percent in 1993, 19 percent in 1994, and 11 percent during the first five months of 1995. Not only the minimum but also the average size of incomes, wages, and pensions are low.

Labor remuneration has lagged behind appreciably in the sectors of the budget-funded sphere. Wages in health care and in the spheres of social protection of the population, physical culture and sport, education, culture, and art are approximately half the wages in industry. The level of wage rates right up to the 17th category is below the minimum living wage. Experience of past years shows that **with such correlations in labor remuneration social tension increases sharply in sectors of the budget-funded sphere.** It is clear why the government has urgently submitted the draft federal law "On Increasing the Minimum Size of Labor Remuneration" to the State Duma.

I wish to emphasize particularly that the increase in the minimum wage will outstrip growth in inflation for the first time. According to estimates, consumer prices will have increased 21 percent since the last indexation — that is, during May-July — while it is proposed to increase the minimum wage 26 percent. [Melikyan ends]

After my conversation with the minister I learned that the expenditure connected with increasing the minimum wage, grants, allowances to families with children, etc. will be very considerable — R707 billion a month (including R203 billion from the federal budget). The money will be taken from above-plan revenues and also from a reduction in the less important (so-called "unprotected") budget expenditure.

In conclusion, about child allowances as of 1 August, if the Duma adopts the draft law. Precisely **R38,500** will be paid out monthly **for every child** up to the age of 16 (for pupils of educational schools up to the age of 18), with a one-off payment of **R550,000** (currently R437,000) **on the birth of a baby.** Not much, of course, but still an increase.

Only it is important that this "impetus" does not slow down and stop after the elections.

Government Plans To Boost Export Production

MM1707123595 Moscow IZVESTIYA in Russian 15 Jul 95 p 2

[Article by Igor Karpenko: "Support for Civilized Exports Will Become a Budget Item for the First Time in 1996"]

[FBIS Translated Text] The Russian Government is nearing completion of the preparation of the decree "On Additional Support for the Export of Output Produced by Russian Commodity Producers." This document with its complicated title has been long awaited by producers and entrepreneurs.

Prior to the USSR's disintegration, Russian exports were often called colonial: The lion's share, over 90 percent, consisted of raw and semi-finished materials. Today, even those areas of the market have been lost. Russia sold machinery and equipment worth just $2.5 billion in what was a very modest export figure in 1994 ($48 billion). The proportion accounted for by machinery and equipment has fallen steadily from 8.7 percent in 1992 to 5.3 percent last year. Specialists believe that, in addition to the well known technological backwardness of enterprises' production base and the vast range of crises, including a crisis of investments, the reason for this decline is the lack of an efficient system of state support for high-technology production for export and for exporters themselves.

During the years of reforms many measures have been undertaken to liberalize and stimulate exports — export duties have been cut, quotas and licenses have been reduced, the institution of special exporters has been abolished, and so forth. Unfortunately, this merely paved the way for raw materials-led exports again. In order to ensure that the production of machinery and equipment competes in the world market, there was a need primarily for major long-term investments and credits which was inconceivable at a time of inflation and universal nonpayments. The situation in the economy and in the financial and currency markets has now changed, making such credits feasible — many commercial structures and banks are now looking for areas to use their capital in the stock market and even long-term projects for direct investments.

The decree on additional export support also envisages assistance primarily in the production of science-intensive, high-technology output which can compete in the world market. The government's operational commission for improving payments and settlements, which worked on the decree this week, has included in it a recommendation that the period of credit be extended to three years and the credit limit be raised to 30-40 percent of the project's total cost. State financial support for the production and export of such output from federal budget funds will be granted on a repayable basis for payment through banks acting as agents of the government. Export support funds will be included in the 1996 federal budget as a separate item. According to preliminary estimates they are a modest sum — slightly over 1 trillion rubles.

However, outright state subsidies will probably be the rare exception — three-fourths of funds will go on insurance and state guarantees of the repayment of "export" credits. Enterprises will fund targeted projects and programs using their own resources and also loans — budget funds from Federation components and commercial organizations and banks, including foreign ones. By and large the state budget and the Russian Government provide the guarantee that such credits will be reimbursed.

Federal programs and projects involving "export-led" production units will be selected and approved by the interdepartmental commission for encouraging industrial exports. A very interesting and fundamentally new selection criterion has been proposed — it relates to the maximum added value in a new form of production on the understanding, of course, that the product meets export requirements and is competitive in the world market. The "framework" character of the decree will require the preparation of many normative documents providing a mechanism to back up its operation — the Ministry of Foreign Economic Relations, the Economy Ministry, the Finance Ministry, and other interested departments have been instructed to draw up those documents as quickly as possible, before the end of this year.

Germany's Ruhrgas Sees Mixed Prospects for Gazprom

MM1707144295 Moscow IZVESTIYA in Russian 15 Jul 95 p 2

[By Irina Savvateyeva: "'Gazprom' Can Expect Major Problems on World Market"]

[FBIS Translated Text] The prosperous "Gazprom," which produces the lion's share of Russia's foreign-exchange earnings and provides loans to entire states, strikes many — and not without reason — as a great energy empire whose financial strength and prosperity are as everlasting as people's needs for heat and power. But there are other views of "Gazprom's" strategic future as well.

On the threshold of the new millennium, "Gazprom," Russia's biggest company, could have some major problems on both the foreign and domestic markets. Doctor Burkhard Bergmann, a member of the board of Germany's Ruhrgas — a long-standing partner and rival of Russia's gas industry — shared his views on the subject with Russian journalists the other day.

In the traditional European market the positions of "Gazprom," in Mr. Bergmann's opinion, will be complicated by increasingly fierce competition. In Germany itself — "Gazprom's" biggest customer outside the CIS — competition for Russian gas is provided first and foremost by gas from Norway. Whereas in 1994 Russia met 37 percent of Germany's requirements while Norway met 14 percent, by the year 2005, in the opinion of Ruhrgas experts, our country's share will have fallen to 31 percent, while Norway's will have increased to 30 percent. West Europe's consumption of Norwegian gas will have increased from today's 9 percent to 15 percent, Ruhrgas believes.

But "Gazprom" itself does not tend to view Norway as a serious rival. ["Gazprom" chief] Rem Vyakhirev's arguments on the subject boil down to the following calculations — Russia's known reserves are an order of magnitude greater than those of Norway.

New supplies of gas could also reach the European market from Britain, Dr. Bergmann claims. Following deregulation of the gas industry there, competition has become fiercer, as a result of which there has been a sharp fall in the price of natural gas within the country. Consequently, British gas producers are now in a similar position to their Russian colleagues — they find it more profitable to export their commodity. British gas suppliers are already trying to supply gas to Northwest

Europe — and Germany in particular — through a new pipeline linking Belgium to southern England (the so-called Interconnector). Their sphere of interests also includes the Czech Republic and Hungary.

Describing Britain's potential export opportunities, Mr. Bergmann mentioned a figure of 10-15 billion cubic meters a year. As a comparison — "Gazprom's" supplies to Ruhrgas in 1994 were 20 billion cubic meters, while it supplied 29.9 billion to Germany as a whole.

But the most dangerous rival to "Gazprom" in Europe on the threshold of the new millennium, in Dr. Bergmann's opinion, could be..."Gazprom" itself. German specialists are convinced that a sharp increase in demand for Russian gas on the European market will lead to a destabilization of that market.

In this connection Ruhrgas is advising its Russian partners to be very cautious in developing the Yamal project. Burkhard Bergmann welcomes the decision on its phased implementation.

Our "Gazprom's" partner-cum-rival sees "Gazprom's" desire to win German customers by using dumping prices as no less dangerous for the stability of the European gas market.

The nub of the problem is that the lion's share of Russian gas is sold to Ruhrgas on the German border at a so-called import price. The gas is then supplied to customers through the German company's pipelines. The final price paid by customers is far higher than the import prices. In this connection, "Gazprom" is interested in building its own pipelines on FRG territory to take the gas direct to the customer, which is what it is doing in conjunction with Wintershall, a German company that is one of Ruhrgas' competitors. Ruhrgas is now worried that this newly emerged rival will sell gas to German customers at 10-15 percent less, thereby destabilizing the market.

"Gazprom" already has its own view of this.

"We need to gain market share," Vladimir Podelyakin, an adviser to the chairman of the "Gazprom" Russian Joint-Stock Company Board, claims. "Nobody in Europe will welcome us with open arms. But lowering your prices is a normal way to make inroads into a market."

Russia believes that the contracts under which the Russian gas industry is forced to work with Ruhrgas until the year 2008 — contracts concluded with the Soviet Union — are unfavorable to "Gazprom."

But Dr. Bergmann believes that "any debate in Russia on this score will confuse the public." He claims that "Gazprom" — like any other European supplier — receives the "full market price" from Ruhrgas. In Mr. Bergmann's view, the difference between the average end-user price and the import price for Russian gas is 100-150 percent. But Ruhrgas' share of the end-user price for natural gas in the German market is just 10 percent, the board member insists. The same amount is accounted for by regional pipelines and excise duty, and 30-35 percent goes to the local gas distribution companies.

The real problem facing "Gazprom" on the threshold of the new millennium, in Burkhard Bergmann's opinion, is the problem of energy conservation. Currently it is not an urgent issue in Russia owing to the low domestic price of gas, but that situation will not last indefinitely in the Russian market.

According to calculations by Ruhrgas specialists, Russia will be able to save around 100 billion cubic meters of gas a year by using modern technology, by modernizing its heat-supply networks, and by providing better thermal insulation for its buildings. This figure accounts for around a quarter of the country's entire annual gas consumption and around half of its exports in the past year. Energy-saving measures will undoubtedly require huge amounts of investment. But prospecting for new fields and producing and transporting the gas, Ruhrgas believes, requires far more expenditure. The question is whether "Gazprom" will be able to implement this new strategy.

Number of Registered Banks Tops 2,500

MK1407151095 Moscow KOMMERSANT-DAILY in Russian 14 Jul 95 p 5

[Unattributed report under the "Journal" rubric: "Nearly 3,000 Banks Operate in Russia"]

[FBIS Translated Text] According to the Russian Federation Central Bank department on banking supervision, 2,568 banks were registered as of 1 July 1995, which includes 1,556 shares-based banks and 1,012 incorporated banks. The number of banks granted hard-currency licenses is 775; 262 banks have general licenses. Owing to violations of banking legislation, 71 banks had their licenses withdrawn in 1995. At the same time, according to assessments by a number of Western and Russian analysts published in the journal BANKING & FINANCE, the official number of loss-making banks would be higher by a third if international audit standards were applied to Russian banks. According to the Association of Russian Banks, the number of banking structures recognized as loss-making last year was 582 (about 20 percent of the total number).

International Affairs

Concern Over Nuclear Fuel Deliveries From Russia

LD1707134095 Moscow INTERFAX in English 1301 GMT 17 Jul 95

[FBIS Transcribed Text] KIEV, July 17 (INTERFAX-UKRAINE) — There are violations in the schedule of delivery of nuclear rods to Ukraine under the trilateral agreement on nuclear disarmament, Ukraine's Deputy Foreign Minister Konstantin Grischenko told INTERFAX-UKRAINE Monday [17 July].

"We cannot but be worried about this," he added.

According to Grischenko, a Ukrainian delegation headed by Defense Minister Valeriy Shmarov raised the issue during its visit to the U.S. Grischenko was also a member of the delegation.

"A nuclear power plant should have an emergency stock of fuel for 18 months," he added saying the violations made the stations use the emergency stocks.

According to the trilateral statement of the U.S., Russian and Ukrainian presidents, Ukraine will pull out nuclear warheads in exchange for nuclear fuel. For its part, the U.S. will fund the dismantling and recycling the nuclear charges under the Nunn-Lugar program.

Kiev Invited to International Meeting on Balkans

LD1707191995 Moscow INTERFAX in English 1758 GMT 17 Jul 95

[FBIS Transcribed Text] KIEV, July 17 (INTERFAX-UKRAINE) — Ukraine has been invited to participate in an international meeting on settlement of the Bosnian crisis, Director of the Ukrainian Foreign Ministry's Department for International Organizations Volodymyr Yelchenko told INTERFAX-UKRAINE.

The meeting will take place in London on July 21 on the initiative of British Prime Minister John Major. The meeting is likely to involve representatives of the European Union's countries, the Contact Group on ex-Yugoslavia, which includes representatives of the U.S., France, Great Britain, Russia and Germany as well as Canada and Ukraine.

U.N. secretary General Butrus Butrus Ghali will also attend the meeting.

Yelchenko said Ukraine was drawing up several proposals for discussion at the meeting.

He said Ukraine would firstly confirm its readiness to participate in all capacities in the process for settling the conflict in the Balkans. Yelchenko said that secondly Ukraine remained the only country whose representatives could talk to any of the conflicting parties. Yelchenko said he believed that there were six conflicting parties: Serbia, Croatia, Bosnia and Herzegovina, Krajina Serbs, Bosnian Croatians and Bosnian Serbs.

Yelchenko said that contrary to other members of the Contact Group Ukraine did not have special strategic interests in the Balkans. "Our only interest is to restore peace, lift sanctions and normalize economic relations with all Balkan countries," he added.

Yelchenko said Ukraine was going to initiate a meeting of the U.N. security Council on the level of foreign ministers in order to find "non-standard decisions" for resolving the crisis. He said one such decision could involve complete lifting of sanctions against the United Republic of Yugoslavia "for a test period of, say, 30 days."

Yelchenko said a clearer mechanism for coordinating actions between those involved in the settlement process was needed. He said several dozens structures, which sometimes failed to work together, were now trying to tackle the problem all at once.

'Trade Conflict' With U.S. Over Coats 'Avoided'

WS1807075195 Lvov INFOBANK in English 0637 GMT 18 Jul 95

[From the "News Service" feature]

[FBIS Transcribed Text] Kiev — Sources in Ukraine's Ministry of Foreign Economic Relations and Trade (MFERT) told an INFOBANK correspondent that the Ministry has signed an agreement with the U.S. Department of Commerce regarding limitations on the export of women's spring and autumn coats to the United States. Now Ukrainian businesses will be allowed to export only 1,080,000 coats to the United States (until now more than 1,200,000 coats made from material and patterns shipped from the United States were exported from Ukraine yearly). American manufacturers had filed protests against the large number of inexpensive Ukrainian coats on the U.S. market. According to sources in the MFERT, this type of agreement, whereby Ukraine voluntarily limited the number of coats it would export to the United States, helped avoid a trade conflict between the two countries. The agreement also removed the threat of anti- dumping proceedings and the closure of the American market to goods produced by Ukraine's garment industry.

Bosnian Serbs Threaten To Kill Ukraine Peacekeepers

LD1707163995 Moscow INTERFAX in English 1513 GMT 17 Jul 95

[FBIS Transcribed Text] KIEV, July 17 (INTERFAX-UKRAINE) — Bosnian Serbs have taken Ukrainian peacekeepers hostage and threaten to kill them if NATO carries out air strikes against Serb troops, the Ukrainian ambassador to Croatia said on Monday [17 July].

The hostages, members of a Ukrainian contingent in the U.N. protection Force (UNPROFOR), were staffing a checkpoint near the Muslim enclave of Zepa, Anatoliy Shostak told INTERFAX-UKRAINE.

He said Ukrainian troops were still holding three of nine checkpoints in the vicinity of Zepa entrusted to them.

A Ukrainian Defense Ministry official told INTERFAX-UKRAINE Muslim forces were currently blockading about 80 Ukrainian troops in Zepa, demanding that they persuade the Serbs to stop advancing.

Shostak said no violence had recently been committed against Ukrainian peacekeepers in Muslim-controlled territory.

Ukrainian Defense Minister Valeriy Shmarov said on Sunday a plan was being made to evacuate the Ukrainian troops from the warfare zone. "We cannot put people in jeopardy," he said, adding that there had been no losses among Ukrainian troops.

Shmarov said that in the last few days Ukrainian peacekeepers had been forced to leave five armored personnel carriers, two of them in total disrepair, four heavy machine-guns, two sniper rifles, three light machine-guns, nine assault rifles and about 15,000 cartridges.

South African Defense Minister Meets Shmarov

LD1707150395 Kiev UNIAR in Ukrainian 1150 GMT 17 Jul 95

[FBIS Translated Text] Kiev — South-African Minister of Defense Joe Modise, who arrived in Ukraine on 16 July at the head of a government delegation, has met Ukrainian Minister of Defense Valeriy Shmarov.

The Ukrainian minister briefed his counterpart on the development of the Ukrainian Armed Forces. Modise thanked Shmarov for inviting him to visit Ukraine and in turn extended an invitation for the Ukrainian defense minister to visit South Africa. He stressed that the Republic of South Africa was interested in cooperation with Ukraine, particularly in the military sphere.

The South African officials visited the Desna training center where they viewed the training of Ukrainian servicemen and inspected military technology.

Chinese Delegation To Meet Top Officials, Visit Crimea

AU1707141695 Kiev HOLOS UKRAYINY in Ukrainian 14 Jul 95 p 1

[Unattributed report: "In Summer, Guests Are Taken to the Seaside"]

[FBIS Translated Text] On 16 July, a delegation of the Chinese National People's Congress headed by Wang Hanbin, candidate for the Chinese Communist Party Politburo and vice chairman of the Standing Committee of the Chinese National People's Congress, will arrive in Ukraine on an official visit. The guests will meet with Ukrainian President Leonid Kuchma, Supreme Council Chairman Oleksandr Moroz, Prime Minister Yevhen Marchuk, and Foreign Minister Hennadiy Udovenko and will visit the Ukrainian National Academy of Sciences Ye. O. Paton Electric Welding Institute and the Antonov Scientific and Technological Complex. It is planned to take the Chinese delegation to the Crimean Autonomous Republic for two days.

Crimea Called Ukrainian Problem

LD1707175295 Kiev UNIAR in Ukrainian 1515 GMT 17 Jul 95

[FBIS Translated Text] Kiev — Ukraine and China are united by common interests, and by the lack of contradictions in problems of global and regional security, Wang Hanbin, [vice chairman of Standing Committee of National People's Congress], who is heading the official delegation of the National People's Congress of China, noted during a meeting between members of the delegation and Ukrainian Prime Minister Yevhen Marchuk. Thus, China considers the problem of Crimea to be an internal Ukrainian problem. Ukraine, for its part, stresses that Taiwan is an inalienable part of China and the government of the People's Republic of China — the only lawful government on the territory of China.

The prime minister said the government had received an instruction from Ukrainian President Leonid Kuchma concerning improvements to the structure of Ukrainian exports to China and creating favorable conditions for Chinese exports to Ukraine. Yevhen Marchuk said that the priority sectors for economic cooperation between Ukraine and China should be those based on science: Shipbuilding, the space industry, and machine building. Mr. Marchuk stressed that particular attention should be attached to the implementation of a Sino-Ukrainian agreement on cooperation in the military industrial complex that was signed in April 1995.

Yevhen Marchuk said that Leonid Kuchma will visit the People's Republic of China toward the end of 1995, and that during the visit he planned to sign an agreement on cooperation and partnership between Ukraine and China, and a number of agreements on cooperation in the humanitarian field.

Ukraine Favors Joining Russia-Belarus Customs Union

LD1707165195 Moscow INTERFAX in English 1513 GMT 17 Jul 95

[FBIS Transcribed Text] MINSK, July 17 (INTERFAX-WEST) — Ukraine is in favor of joining the customs union between Russia and Belarus, Ukrainian President Leonid Kuchma said after coming to Minsk on an official visit today.

Kuchma said, "We need to make a corresponding way starting from legislative basis." He said Kiev had a long time ago proposed that Ukraine and Belarus sign a treaty on free trade beforehand.

Kuchma said this would let the two countries get accustomed to each other and see how to develop their relations.

Kuchma said trade turnover between Belarus and Ukraine had decreased. He said the main reason for such a situation was the breaking up of economic relations which immediately followed the dismissal of the USSR.

"To restore relations is much more difficult than to break them," Kuchma said.

He said that during his talks with Belarusian President Alyaksander Lukashenka the parties would not discuss the strengthening of the border between Belarus and Ukraine. Kuchma said that on the contrary "our task is not to create excessive obstacles for citizens of the two countries."

National Affairs

Kiev Marks 5 Years Since Independence From Moscow

LD1707181795 Moscow INTERFAX in English 1531 GMT 17 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] The Ukrainian Foreign Ministry in a statement made available to Interfax on the occasion of five years since the country's independence declaration, exactly on Sunday, said its basic provisions had become the country's foreign policy guidelines.

These include Ukraine's declared commitment to neutrality, a nuclear-free status and non-involvement in any military blocs.

The statement says Ukraine has won high international prestige by its commitment to the supremacy of human values over class distinctions and international law over national legislation.

Socialists To Form Bloc To Oppose 'Kuchma Regime'

LD1707150695 Kiev UNIAR in Ukrainian 1150 GMT 17 Jul 95

[FBIS Translated Text] Kiev — The political council of the Socialist Party of Ukraine held a sitting on 15 July. In connection with this, a UNIAN correspondent interviewed People's Deputy to the Supreme Council of Ukraine Natalya Vitrenko.

Mrs. Vitrenko has said the political council analyzed the current situation. Emphasis was laid on stepping up and organizing the party's activities. The signing of the Constitutional Agreement was negatively described as the one that violates the Constitution. The political council showed understanding of the stand of the party chairman Oleksandr Moroz who had been obliged to sign the document, as the chairman of the Supreme Council of Ukraine.

The political council discussed the issue of setting up a bloc of sound left-of-center forces whose activities would be directed against the Leonid Kuchma regime; in the opinion of the political council, the president is conducting a policy of genocide against his own people. As regards the split within the Socialist Party of Ukraine, Mrs. Vitrenko has said the political council was not discussing the split but was engaged in a heated political debate. This is a normal phenomenon, and critical remarks addressed to the chairman and the faction are also a normal phenomenon.

The political council considered organizational issues: Ivan Chyzh, the leader of the Socialist faction, was elected chairman of the political committee to replace three secretaries.

Arrest of Crimean Republican Deputy 'Political Pressure'

LD1707172895 Kiev UNIAN in Ukrainian 1230 GMT 17 Jul 95

[FBIS Translated Text] Simferopol — Natalya Krasnovska, a Crimean Supreme Council deputy, read out a

Republican Party of Crimea statement at a news conference today. The statement describes the arrest of Ihor Krot, a member of the party's Coordinating Council and a former aide to the former Crimean Supreme Council speaker, as the beginning of a planned political pressure on the Republican Party of Crimea aimed at paralyzing its political activities.

Krot was arrested on 11 July, and charged with insulting Ukraine's President Leonid Kuchma. According to Krasnovska, Krot was refused a meeting with his relatives and deprived of the right to legal defense.

Krasnovska believes that the actions of the Prosecutor General's Office of Ukraine contravene the law and infringe on human rights. She described them as "political reprisals." In her opinion, this confirms the fact that Ukraine has embarked on the road of an "authoritarian police state."

Crimean Supreme Council To Discuss Privatization

LD1707200295 Moscow INTERFAX in English 1806 GMT 17 Jul 95

[FBIS Transcribed Text] Simferopol, July 17 (INTERFAX-UKRAINE) — The meeting of the newly-elected Presidium of the Crimean parliament was held in Simferopol Monday chaired by Yevhen Suprunyuk.

According to INTERFAX-UKRAINE, the Crimean parliament presidium proposed that issues on the program for privatization of the property of state-owned enterprises in Crimea, on the privatization of state-owned enterprises in the Crimean Republic as well as on the establishment of a non-budget privatization fund should be incorporated into the session agenda.

The draft budget of Crimea for 1995 is also to be submitted to the next plenary meeting of the Crimean parliament for a final debate.

Official on 'Peculiar' Plan for Chernobyl Reconstruction

LD1707154895 Moscow ITAR-TASS in English 1525 GMT 17 Jul 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV, July 17 (ITAR-TASS) — "If the Group-of-Seven countries reject Ukraine's proposals on the closure of the Chernobyl nuclear plant, the possibility of its reconstruction cannot be ruled out", according to the first deputy head of Ukraine's State Atomic Committee.

"This project is so peculiar that it can either function or be gradually put out of operation", Nura Nigmatullin told reporters, commenting on the results of last week's session of the G-7 working group in Ottawa.

The Ukrainian official said the working group had been expected to consider Ukraine's request for assistance worth 4.4 billion dollars to shut down the Chernobyl atomic station, the site of the world's worst nuclear disaster. "These funds are first of all required to build capacities to replace the old ones and to tackle the problem of the plant workers' social security, since Ukraine cannot solve these issues on its own", he noted.

According to Nigmatullin, the projects offered to Ukraine provided for the construction of gas-steam stations and coal stations, of which Ukraine has chosen the former ones. But it insists that gas supplies be financed by G-7 countries for the next ten years.

If Ukraine's proposals are declined, even partly, the closure of the Chernobyl nuclear plant will drag on for long, Nigmatullin believes. "In this case, we should make a decision whether to close the Chernobyl nuclear plant by ourselves, taking no account of the world community, or to reconstruct it and keep it functioning until we have enough funds to shut it down", he pointed out. According to him, Ukraine notified the G-7 working group about its stance on the issue.

Drug-Dealing Center Near Odessa Described

95WD0395A Moscow IZVESTIYA in Russian 12 Jul 95 p 5

[Article by IZVESTIYA correspondent Leonid Kapelushnyy: A Large Drug-Dealing Center Has Formed in 'Palermo' in the Odessa Environs"]

[FBIS Translated Text] Odessa—From the balcony of a high-rise in the Odessa outskirts my good friend introduces me to "Palermo"— the village of Korsuntsy and three Shevchenko settlements adjacent to it. Through a pair of good nautical binoculars I could see streets and backyards—the distance was about 250 meters. A vacant lot serves as neutral zone separating the city and the bulwark of the drug business. Dozens of paths crisscross it, leading to "Palermo." Right at that moment, early in the morning by urban standards, an unending stream of people was moving toward the suburban village. Mainly in pairs. I lost count somewhere around 300.

Not too long ago a person close to my friend walked along one such path toward "Palermo." And never came back. He was found in the woods, already dead; the medical examiner established that the cause of death was "poisoning with an unidentified poison." As I know now, such deaths in Odessa number in the hundreds (there are no precise statistics); criminal cases are not initiated on them, and even when they are, the perpetrators are not found. "Unidentified poison" is a word game: Everybody knows perfectly well that death was the result of home-made opium. My friend decided to conduct his own investigation....

The first street after the vacant lot is Novaya; next is Kolkhoznaya. Once they reach the reddish dirt road, the "dopeys" spread out, each to his own supplier. I can make out through the binocular the hostesses, dressed in flowered dresses, meeting their clients. Some are brought into the summer kitchen, more seldom—into houses. Some get their fix right on the veranda. The procedure takes five to seven minutes on average.

Korsuntsy residents got into "unauthorized planting" in the 1960's. This place near the famous Kuyalnik estuary was favored by gypsies. Bazaar fortunetellers, women selling chewing gum, home-made cosmetics, and "gold proof" bronze costume jewelry, they turned out to be not as poor as one might imagine. They built the kind of homes only chairmen of successful kolkhozes could afford. In the 1990's the gypsy enclave moved on to a new business—the drug trade. There are currently 39 homes known to conduct drug distribution on a large scale, and practically the entire village to some or other extent helps in the drug business. The hellish paradise for drug addicts is not limited to "Palermo," however—there is a gypsy village (about 100 homes) in the suburban township of Usatovo, and other villages in Kominternovskiy and Belyayevskiy Rayons. They handle shipments of opium poppy, processing, and distribution for the entire city of Odessa.

And now a question. Who, in your opinion, should, and who can, fend off the drug business offensive: Odessa law enforcement organs, which are being stung by the opium needle, or the rayon departments of Komenternovka and Belyayevo, which are located at a distance of 50-70 km from the seats of this plague, short on personnel and lacking transportation? Of course, the Odessa police, you will say— and how wrong you are. In keeping with current laws, all materials obtained by Odessa detectives are handed over to the rural rayon department, where they....languish in the dust. This had been going on for almost five years—the whole era of the emergence and rise of the drug business—until a special unit was created in the MVD [Ministry of Internal Affairs] structure for combating illegal drug trafficking. Viktor Belimov was appointed head of the Odessa UVD [Administration of Internal Affairs].

Before we go on a "sightseeing tour" in the famous "Palermo," let me feed you some statistics. In 1989, 206 kg of poppy straw were confiscated in Odessa and the oblast; in 1990—already 383 kg, in 1991—765 kg, in 1992—1,219 kg, in 1993—2,329 kg, and last year— 2,480 kg. This year the drug dealers also are operating well ahead of last year's pace of dope inflow. But this is what has been confiscated. And how much was not? A knowledgeable person told me that drug dealers sell on average 200-300 measures of poppy straw, which makes about 5-6 cubic cm of opium solution—enough for injections for two or three drug addicts. The knowledgeable person was somewhat behind on technical progress in the drug business. Service in "Palermo" has been considerably improved. Now in each distributor's house there is a primitive laboratory, where they make the solution, fill disposable syringes with it, and offer them to clients.

"A smart solution," says Viktor Belimov. In the past you could catch a drug addict as he exited "Palermo" carrying poppy straw, and ask him: Where did you get it, how much did you pay? Now he comes out already "high," vague, and evidence of the crime for us is zero. Especially considering that in gypsy houses the drug is brewed not by the gypsies themselves but by slaves—hired labor. As a rule, these gentlemen are Slavs. We get him in the den right at the boiler pot, but the owner seemingly has nothing to do with it. "A man came, asked for permission to cook something, we felt sorry for him, let him in.... Even in those houses where trade is conducted on a large scale, the owner as a rule is not home—everything is done by servants. It has happened so many times: We find syringes, the solution, the implements for opium brewing, then go and find the owner. And he just acts surprised, saying: I have no idea where it all came from; I trusted these nice people and see what I get. And he laughs in your face...."

We went to "Palermo" in the afternoon, when drug addicts begin to filter in for their evening fix. We deliberately selected a quiet time, because during the "rush hour" all approaches to the village are carefully watched by scouts, and pits and bumps on the road there are such that an alarm signal spreads much faster than the police Tavriya cruiser can move; and after the first rain, the operatives can only walk on foot in rubber boots.

At the first house we were met with howling and curses. Three drug addicts with drowsy eyes obediently showed their arms with fresh needle traces. In the trash bucket there were a couple of dozen used syringes. The operative who stepped into the house in pursuit of a young woman encountered an unsurmountable obstacle: She dropped down onto the bed, yelling that she intended right this second to satisfy her sexual needs, so everybody should get out. The waitress-type aprons of the women-sellers were stuffed with karbovantsy and "greenbacks." To the question as to where the money came from, they laughed: "I earned it fortune telling—want me to tell you the truth about your future too?"

In the middle of the yard a young man was washing a huge carpet, ignoring the commotion around him. Not a gypsy. Two more men were plastering a shed wall. "We were hired, we work here." Dull eyes, gaunt faces....

All over "Palermo" hired hands do laundry, watch gypsy kids, toil vegetable gardens, build, clean houses. I asked many: Why here? The answer is the same: We get room and board, work as much as we can. All are mum on "extra pay" in opium. Their veins are like a sieve, but each swears that he has "quit." Some houses look only barely well-off, but there is a car almost in each. Some are striking in their naked disarray, dirt, and poverty. The operatives explained— these are "work sites." They sell drugs and keep servants here. The owners live in a different place.

When it starts smelling like fire, they may show up in person, or send a messenger-observer. In one house on Limannaya, where the operatives found a jar with opium, a pot of already finely minced poppy straw, a press, and other stuff, a gypsy servant, as usual, denied everything, but things were not looking good, and then we witnessed the entrance of a brave, driving the latest model black Volga, gold chain around his neck and pockets stuffed with money. He instantly appraised the situation—no official witnesses, nobody would get arrested—flashed a smile and drove away. A young blonde— about 25—calmly watched the search and confiscation of drugs. She has lived here with her son for about a month and a half, working for food and a daily fix. "Have you no pity for your son?" A smirk: "Where else would I go?"

Viktor Belimov's department is to the drug business like a buckshot to an elephant. He has about 30 people to cover the huge oblast with Odessa at the center. In the spring, having mobilized all his forces and some temporarily detached to him, he kept "Palermo" under siege for a month and a half. The net he threw brought in a generous catch: Several major consignments of drugs— between 40 and 160 kg—were seized; messengers, den keepers, and distributors were arrested. Alas, only a few are behind bars. The rest are still where they were before, doing the same business. One of them, Kolya the Georgian, we met in "Palermo"—in good health and mood, he laughed watching Viktor Belimov trying to shame an old gypsy woman. "You are killing these people, crippling them!" The gypsy agreed—yes, it is a pity, of course, but then they do not force anyone to come here—they come on their own. And she added with a sigh: And if we do not trade, how will we live? See, I have seven orphaned kids, all very young.

"Palermo" is only at first glance a typical gray settlement. Houses evoking envy are being built on Kolkhoznaya and Limannaya streets with drug money. The abodes of so-called "barons" stand apart—solid, decorated, spacious. Although, while earning crazy money in "Palermo," the conductors of the drug trade prefer to build in Odessa's more prestigious places—the Big Fountains area, Arkadia, and those who do not quite make there pick other places. There are some, on the other hand, who stay in the community....

In Shevchenko-3 we stopped in front of a house that struck our imagination. About 30 by 40 meters in size, two high floors, with a huge foyer, it was just being readied for installation of the roof. But in the yard was also a "temporary barracks" which in the old days would have been razed for exceeding permitted housing norms. And an open brick gallery for summer get-togethers, about 30 meters long; and a yard big enough to hold village fairs. (In this abode the police found ammunition for an AKS [Kalashnikov] rifle and cartridges for handguns, which did not at all faze the young hostess or the relatives who immediately showed up. "You will get a call as to what to do....").

Actually, in order to see what the drugs are and to understand whether there is a way to rein them in I did not need to go to "Palermo." There is a family of drug addicts living in my apartment house, who have turned it into a mess. Going down the stairs in the morning, I step over puddles of urine, excrement, syringes. Because where they medicate themselves, drugs are sold too. And there are as many dens as there are drug addicts. Neighbors fenced off our yard with iron bars with padlocks. Building residents wrote petitions to the precinct inspector, the chief of the rayon police department. Alas, it still goes on, and there is no protection or help for the people. Why?

Existing legislation in Ukraine is more concerned over the drug addicts' rights than those of regular law-abiding citizens. With their strict observance of the law, police raids only scare off drug dealers, and increasingly less so as time goes by. Nobody knows what to do with "Palermo." City authorities' proposals to redraw borders in such a way as to include the suburban villages into Odessa by forming a Greater Odessa and forming a single operational field for law enforcement organs find no support. Meanwhile, as of now more than 5,000 drug addicts are officially registered in the city. In reality there are at least five to seven times more. Each gets a fix twice a day. A fix costs at least a dollar. Do a little arithmetic, and you will understand what kind of money the noble knight Viktor Belimov and his comrades are encroaching on....

Of course, there exists a national drug treatment program in Ukraine. Throughout all this time, Odessa has not received a kopek under this wonderful program. As part of its implementation, however, the last compulsory labor treatment facility was closed. "Palermo's" merciless aggression is gathering momentum.

Economic Issues

Parliament To Relax Import Duties on Raw Materials

LD1507190695 Kiev UNIAN in Ukrainian
1240 GMT 15 Jul 95

[FBIS Translated Text] Kiev — A Ukrainian Supreme Council session today approved an amendment to the unpublished law on measures to increase budget revenue and enhance social security. The amendment deletes the law's provisions for import duties on petroleum products, at 15 percent of the customs value, and coal, at three and four Ecu per tonne depending on the grade, retail sales tax on gasoline and diesel fuel at 15 percent, sales tax on rolled metal, metal products, steel pipes, and export duty on scrap metal, carbamide and ammonium, at five percent of the sale price.

A resolution on the implementation of the law says that the provision to abolish tax benefits did not apply to cases implied by the Ukrainian president's edict of 30 June 1995, which lifted value added tax on goods imported for own use.

The law will be published together with new amendments. Some of them were introduced by the president, others by the Supreme Council Commission for Financial Affairs and Banking. Commission Chairman Viktor Suslov said that under the law the Cabinet of Ministers is free to impose import duties "according to market conditions," which the cabinet can use as soon as the law takes effect.

Official Issues Report on Economic Reform

LD1607113895 Kiev UNIAN in Ukrainian
1010 GMT 15 Jul 95

[FBIS Translated Text] Kiev — Acting First Prime Minister of Ukraine Viktor Pynzenyk has prepared an analytical report on trends in the economic situation over the eight months of implementing the economic reform (since October 1994 till June 1995), the press service of the first deputy prime minister of Ukraine told UNIAN.

The report says that in 1994 the decline in industrial production was 28.2 percent. Meanwhile, in January-May 1995 (as compared with the same period of 1994) the decline was 12.7 percent. There is a tendency towards slowing down the rate of decline in the gross domestic product (12.8 percent in January, 10.7 percent in May).

The inflation rate fell from 72.3 percent in November 1994 to 4.6 percent in May 1995.

Pynzenyk points out that over the past two months interest rates on loans have been decreasing at a slower pace than the inflation rate. According to the latest data of the National Bank of Ukraine, by the middle of the third decade interest rates on loans have decreased from 122 to 90 percent.

Pynzenyk believes that the share of long-term credits granted to the state sector is at a stable level. According to him, the share of fixed deposits within the banking system of Ukraine has grown from 36.9 percent (on 1 October 1994) to 55.5 percent (on 1 June 1995).

Pynzenyk states that according to the latest data of the National Bank of Ukraine, a process of gradual legalization of the shadow economy got under way in May-June 1995. The share of money circulating outside banks has decreased from 34.7 to 31.8 percent.

Since December 1994 the inflow of hard currency to Ukraine has been exceeding export earnings in hard currency by $503.5 million.

In Pynzenyk's opinion, "One can say that the first stage of the reform has been completed." He believes that the further task is not to change methods of financial stabilization, but supplement them with structural changes in the economy under conditions of further improvement of the situation.

Customs Duties on Coal, Petroleum Products Introduced

WS1707092995 Lvov INFOBANK in English
0813 GMT 17 Jul 95

[From the "News Service" feature]

[FBIS Transcribed Text] Kiev — On July 14 Ukraine's Supreme Council approved a law "On amendments and additions to certain Ukrainian legislative acts intended to increase budget income and strengthen the country's social welfare." Article 40 of this law introduces import duties on coal and petroleum products for any subjects involved in business activities regardless of the form of ownership. At the same time the Supreme Council approved a provision which stipulates that this article will not apply to structures importing raw or other materials for their own use.

Kuchma's Industrial Adviser on Management

WS1707134895 Kharkov VREMYA in Russian 4 Jul 95 pp 1-2

[Interview with Volodymyr Leonydovych Ryzhov, adviser to Ukrainian President Leonid Kuchma for industrial issues, by Ye. Zelenina; place and date not given: "Time for Zealous Management Has Come"]

[FBIS Translated Excerpt] **"One had to begin to seriously and zealously manage the economy back in February-March," said Volodymyr Leonydovych Ryzhov, Ukrainian presidential adviser for industrial issues, in an interview with VREMYA, "when there was financial stabilization. But the inert thinking and behavior of managers of enterprises, who wanted to wait, affected the situation...."**

[Zelenina] Volodymyr Leonydovych, you have already told us that 52 acts, presidential edicts, governmental resolutions, and bills on upgrading management in the country are being drafted. Which of them can be regarded as unpopular in our society?

[Ryzhov] Well, one act has already been assessed as unpopular: The one which postulates that the social sector of enterprises should be given to city authorities as municipal property. Kharkov, of course, is not the most "difficult" city in this aspect, but there are quite a few cities in Ukraine in which only one enterprise provides the entire city with employment, when the entire city depends on the production costs of goods manufactured by this enterprise. These products cannot be sold, because they are too expensive. Hence, the enterprise is closed down and this leads to the collapse of the entire life-support system of the city.

Okay! We will also make city authorities accountable for the entire infrastructure. If the burden of nonproductive expenditures is taken away, the enterprise will begin to sell its products and will support the social sphere of the city through taxes paid to the city budget.

This is a correct decision. But where can the city get the money during the initial stage? It is very difficult to resolve this question! By all appearances, a system of contracts between an enterprise and a municipal office will be introduced and each enterprise will know that it will have to — as one can put it, — reduce its socioeconomic expenditures by 5 percent; a heavy burden for its production costs. This will make it possible for an enterprise to receive an additional opportunity to resolve its difficult situation in the future and the city will also survive. This is a measure, which is so necessary, but... unpopular.

There are also measures which could be turned down at the beginning. Very many enterprises are currently up to their ears in debt. But this cannot last forever. Debts all over the world are settled either through bankruptcy or by taking over the property of a bankrupt. [sentence incomplete as published]

We also have the Law on Bankruptcy, but it is inefficient and by all appearances it will not be efficient. There are a lot of reasons for this: For example, who would like to make one's partner bankrupt and not get its spare parts?

Another concept is currently being put forward. A creditor could receive stock in a debtor-enterprise for the amount of its debts. Then he will be able to directly oversee the situation in this enterprise. If a creditor does not need this stock, it can be sold on the stock market. If no one wants to buy this stock at its nominal price, then it is sold, for example, at half price to make it possible for a creditor to receive at least some money. In this case, zealously managed enterprises will have an opportunity to survive. As for the current situation, all enterprises suffer, because, as a rule, an insolvent, unzealous business pulls a zealous business into a debtor's prison as well.

This explains why a presidential edict on replacing creditor's debts with stock in enterprises is so expedient.

The next issue that is also discussed in the same context: As of today, budget-sector organizations have amassed great debts to unsubsidized enterprises. Due to the fact that the budget is not now sufficiently replenished, budget-sector organizations are also unable to settle their debts. This is the example of another conflict. There are, however, measures — they are also utilized in world practice — when the state issues its obligations as securities, sells them, and uses the earned money to settle budget-sector organizations' debts to unsubsidized enterprises. A business that bought state securities has the right to submit them for payment on a date specified on the securities: "Please, pay! If you are insolvent, give us your state property." So, there are ways to resolve problems; it is only necessary to do so.

[Zelenina] Our primary problem is, however, not the absence of laws, but that the existing laws are inefficient....

[Ryzhov] Well, they say that laws are inefficient! But the fact is not that the laws are inefficient, but the people do not observe them. Of course, a package of draft edicts and resolutions will not be efficient as it is. In addition, all people will not learn overnight the rules of zealous management. As a rule, only individual enterprises will make a breakthrough in this aspect.

Given that the absolute majority of enterprises disapproves of such businesses, everything will depend on whether individual enterprises will have a sufficient amount of energy and entrepreneurship to learn to zealously operate their businesses based on new laws and on whether the state will be able to support them.

[Zelenina] Do you know of any such businesses? Can you name some of the ones in Kharkov....

[Ryzhov] In Kharkov? It is quite difficult to do so, but one can say that the "Khartron" Scientific-Production Association managed by Ya. E. Ayzenberg is quite close to them. [passage omitted]

[Zelenina] What new trends should be introduced in economic management? By the way, the need for sectoral ministries has been discussed for quite a long time.

[Ryzhov] Sectoral ministries will remain and will continue to operate for quite a long time, because we still have a lot of state property. The task is to structurally reorganize the economy. Let us assume that Ukraine manufactures more steel of a specific type than it can consume and is short of other types of steel; or, for example, it produces an insufficient amount of herbicides while it has an excess of carbamides. One should look for and establish a balance in the economic system. For example, our defense complex has found itself in an extremely difficult situation, because Russia rejects the services of industrial-defense complexes [VPK] of other CIS states and produces everything inside the country. A great number of VPK enterprises have been left without orders at all.

What should be done? These enterprises should be subject to restructuring. The next question is: How should this be done? Let us take, for example, the Kharkov-based Shevchenko factory. Well, we have written it off our balance sheet and have made it independent from the state. Let it develop along its own trajectory! Is it an approach? To some extent, it is. There could, however, be another way out. One has to help this enterprise to stand on its own two feet considering its technical potential and specifics.

So, if the state takes it upon itself to help such enterprises, one cannot do without sectoral ministries. As for the allegation that ministries are breeders of bureaucracy, this is all idle talk generated by the need to have someone to point at.

[Zelenina] But the Economics Ministry alone could do this!

[Ryzhov] This ministry is currently employing some 1,500 white-collar workers. It will have to employ some 7,000, if it hires officials from the sectoral ministries! Do you think that it will be possible to oversee this ministry? Can you imagine the economics minister's state of quiet frustration if his ministry were to take in oil, gas, coal, and other experts?

[Zelenina] Perhaps the ministries will change their functions. Enterprises are being privatized....

[Ryzhov] Functions can be changed, if the number of quality constituents goes up. When the number of private enterprises goes up, and the respective number of state enterprises goes down, sectoral ministries will also gradually switch from overseeing to regulating functions. [passage omitted]

Kuchma's Foreign Investment Climate Praised

*WS1707133095 Kiev INTELNEWS in English
0858 GMT 17 Jul 95*

[By Natalia Olynec]

[FBIS Transcribed Text] President Leonid Kuchma's first year in office had all the earmarks of what it takes to doing business with the West. But one year after becoming Ukraine's second president, there's still a long, hard road ahead for the country to travel before reforms make significant changes. Perhaps Kuchma's biggest achievement was his ability to awaken confidence that Ukraine will soon become known for more than its "potential."

Foreign investors are trying to sort their way through the tangles of contradictory laws and money-hungry bureaucrats and wondering all along if it's worth the trouble. In his second year in office, Kuchma will have the weight of Ukraine's 52 million citizens and an army of foreign business people looking for him to legislate fair laws without forgetting the country's anti-capitalist history.

UKRAINE'S ONE YEAR MAKE-OVER

Ukraine made a major leap of progress under Kuchma's leadership since taking office in July 1994. His economic program unveiled in October set the stage for reform.

Kuchma wooed foreign investors: Unification of the exchange rate, launching a new privatization program, tax reform, an agreement with the International Monetary Fund (IMF) and the constitutional agreement creating tighter executive control over oblasts and presidential control over Cabinet of Ministers' appointments stand out.

William Senkiw, general manager of the business consulting firm Arthur Andersen Kyiv, said he is encouraged by the year's recent events.

"A year ago I thought (Kuchma) would be a disaster. He's surprised a lot of people," Senkiw said.

Before Kuchma, Ukraine had a serious image problem, said John Hewko, an attorney with Kyiv's Baker & McKenzie law office.

"Kuchma, by handling the nuclear issue, by coming to terms with the IMF, by projecting the image of someone who's interested in performing and carrying out reform, has done an awful lot to improve Ukraine's image," Hewko said.

Senkiw agreed that Kuchma's leadership has had an immense psychological impact on foreign investors.

"The rest is not so much policy but a sense of stability," Senkiw said. "He's not an old-line politician; he's not from the old-boys network trying to only preserve himself. He's actually working for the good of the country."

TAKING CONTROL

Presidential macroeconomic advisor Anatoliy Halchynskiy admitted Kuchma has a tough second year ahead of him. But at least now — with the powers given him in a constitutional agreement, known as the Power Bill — he has the tools to tackle economic problems. The bill redefined several spheres of control the president and Parliament have.

"In this year we were able to unite economic reform with deep political reform," Halchynskiy said. Kuchma said he plans to soon create a higher economic council, uniting members of the executive and legislative branches.

Although many Parliament deputies complain that Kuchma is power-hungry, foreign investors said they are happy to see someone in control.

"Somebody has to lead," Senkiw said. "No corporation has every worked with co-chairmen. There have got to be checks and balances but someone has to make decisions. ... It's the Parliament that got (Ukraine) into the disaster in the first place. Something will get done. You have to crawl before you walk. Now we're in the position that the government will be able to work."

Ukraine needs a benevolent, strong leader because the society historically received orders from the top down, according to Hewko.

"A Pinochet model without the human rights abuses, if it's possible, would be good for Ukraine," he said.

Streamlining the chain of command is the key to implementing structural change. But what's good for the country now may not be so good when it's in the hands of another leader.

"There's a danger here," Hewko said. "You need more power in the executive but there's a danger of a dictatorship. It's a tough balance. The split isn't as important as that it is clear who has what power."

THE BEGINNING OF THE END

Kuchma does not have time to start patting himself on his back yet, especially with several big feats to achieve.

"We want 1995 to be the last year of the crisis," Halchynskiy said.

But both foreign investors and government officials are skeptical of such rosy forecasts. IMF requirements for inflation rates of 1 to 2 percent are unachievable this year, Halchynskiy said. The new government wants to keep May's inflation levels of 4 to 5 percent until year's end, a daunting task with declining production rates, sluggish privatization of industry and workers who fear massive layoffs.

Kuchma's administration is not doing enough to attract investment, said Andreas Gummix, Deutsche Bank Research Department chief.

The total volume of foreign investments in 2,187 Ukrainian enterprises, including 1,868 joint-ventures, only reached US$ 430 million at the end of June, Gummix said. Gummix is a member of the German group of counselors to the Ukrainian government who spoke at the third Ukrainian-German economic forum. At the end of last year, capital investments were estimated at US$ 370 million or US$ 7 per Ukrainian.

Ukraine lags behind new democracies in Eastern Europe where investment per citizen is substantially higher. Foreign investment in Hungary equals US$ 700 per person; Czech Republic, US$ 300; Estonia, US$ 140; Slovenia US$ 130; Poland US$ 75; Russia US$ 27. Economics Minister Roman Shpek said in May, Ukraine requires US$ 40 billion in investments to develop a healthy economy.

STABLE LAWS, HAPPY INVESTORS

Serious foreign investors make investment decisions based on projected risk and profitability. These plans require certain assumptions regarding taxation, currency regulation and other legal provisions. The key prerequisite for attracting long-term serious investment is stability in legislation, according to Hewko.

"People have to feel comfortable psychologically," he said. "There were three foreign investment laws in four years. A serious investor is looking for at least five years of stable legislation so they can plan. Foreign investors are guaranteed a tax holiday, then not, then they are, then they are not."

The biggest concern is a fear of "creeping" nationalization, where taxes are gradually increased once investments are already made, Senkiw said.

Even with stable laws, application of legislation varies as each bureaucrat controls his or her domain, unchecked. These differences are felt mostly at the border, according to Senkiw.

"Everybody knows the law but they say you have to pay customs or excise or VAT when you know you don't," Senkiw said. "So you have to wait 3 or 4 days and get into a negotiation. Eventually the law is applied, but why do you have to wait seven days?"

People are spending too much money on lawyers and consultants just trying to figure out how to play the game, Senkiw said. "They almost hold us responsible for the laws. And we don't write them."

Laws are constantly broken. "Our clients pay an average of 20 to 50 fines a year without ever knowing they broke the law," Senkiw said. "They didn't break the law intentionally. They just didn't realize what they did is wrong." Laws are drafted by people who don't understand what they are drafting, Hewko said. "They have no idea of how sophisticated transactions are done in the West," he said.

A BETTER TOMORROW

Baker & McKenzie attorneys compiled a wish list they said would encourage foreign investment:

Land privatization. A system must be introduced that clearly records who owns a piece of land or a building. Ideally, a purchaser of a building should also become the owner of the surrounding land.

Contract law. Foreign investors must receive assurances that contract rights and provisions will be enforced in a dispute. Today, there is a perception among investors that considerable corruption exists in the court system.

Conditions for foreign banks. Although the IMF, the European Bank for Reconstruction and Development and the World Bank are important sources of funding, Ukraine will begin developing only when it creates favorable conditions for lending by foreign private commercial banks.

The issue of private land ownership and the transfer of land rights in the event of a foreclosure under a mortgage must be resolved.

The National Bank of Ukraine licensing requirement for foreign currency loans to private companies or to enterprises with foreign investment must be eliminated. This would eliminate the monopoly of Ukrainian banks on foreign currency lending and lead to lower interest rates on foreign currency loans for Ukrainian enterprises.

For example, a foreign bank is typically willing to lend at an annual 17 percent, whereas a Ukrainian bank would lend at rates as high as 60 percent. Ukrainian banks also rarely provide long-term, hard-currency loans to customers.

In most financing transaction, banks require borrowers open an offshore escrow account through which the borrower's revenues are channeled. Thus, the NBU licensing requirement for opening an offshore account at a lending bank should be eliminated, said observers.

All forced currency conversion requirements should be eliminated. Ukrainian enterprises should be allowed to keep funds in any currency they wish in any bank account they wish, whether abroad or in Ukraine. Simultaneously, steps should be taken to create economic stability in positive local currency interest rates that result in voluntary conversion of a large portion of hard currency holdings.

Exports. Export quotas and licenses and the requirement that certain export contracts and barter contracts be registered with the Foreign Economic Relations Ministry should be eliminated.

Wages. Representative offices of foreign companies and enterprises with foreign investments should be permitted to pay wages in foreign currency.

Shares. Foreign investors must be sure they in fact own shares they purchase in a Ukrainian company. A clear system of carrying out and recording the transfer of shares should be established.

Information. Serious foreign investors make investment decisions on the basis of information. In Ukraine, it is very difficult or impossible to obtain copies of laws and regulations. Officials view information as a source of income and only provide it to those willing to pay for it.

Visas. Visitors from developed countries should be allowed to enter Ukraine for up to two months without a visa. For example, Poland, Hungary and the Czech Republic do not require visas for U.S. citizens, even though the United States requires visas for Poles, Hungarians and Czechs visiting the United States.

"Foreigners getting visas at the airport have to pay crazy prices and wait in two lines," Senkiw said. "They just want to turn around and go home again. This is the kind of crap we don't need."

Taxes. Foreign citizens should not be taxed on their entire worldwide income.

"Getting rid of the tax holiday for foreign investors is wrong," Senkiw said. "Kuchma should give tax incentives to all investors, not just foreigners. Ukraine is bankrupt. And when you're bankrupt you have to take desperate measures."

Privatization. Small- and medium-scale privatization must be accelerated. "Privatization is way too slow," Hewko said. "Small privatization could probably be done in a year if they really took it seriously."

Generally, Kuchma's leadership and take-action attitude is encouraging foreign investment. "(Former President Leonid) Kravchuk is a politician. Kuchma is more of a leader. We're going in the right direction," Senkiw said.

There's a huge upsurge in more sophisticated transactions, equity funds and major project financing, Hewko said.

"They just have to do a few key things ... and, boom, you're going to have a Klondike here."

Article Reviews Achievements in Arms Trade

WS1707144095 Kiev KHRESHCHATYK in Ukrainian 7 Jul 95 p 2

[Article by Viktor Tkachuk from the Ukrainian Independent Center of Political Research: "Ukrainian Military Exports and Western Experience"]

[FBIS Translated Text] Exports of weapons and military equipment are not a new invention for the world. In war-ridden former Yugoslavia, numerous brokers are using well-known methods. A developed market for forged destination certificates of military cargoes, required for suppliers to receive an export license, has been operating for a long time. Such a certificate is issued by a country-customer to attest that this country is the final destination of weapons. Similar documents may be both forged and authentic — authorized by the country's government to conceal the real addressee.

"The great volume of trade going across Ukraine's borders requires an efficient system of export controls, particularly to supervise the flux of technologies related to mass destruction in the region," says Mariya Drohobytska, program coordinator of the U.S. Association for Scientific Development, which recently held the "Protection of Trade and Improvement of Export Controls in Ukraine" seminar along with the Lawyers for World Security union.

Similar problems are typical not only for Ukraine but also many Western countries. In 1985, the U.S. Department of State admitted that weapons and equipment worth almost $1 billion disappear or are stolen from military depots every year. If this figure is true in the United States, then what is going on at depots of the former Soviet Army? Neither Russia nor East European and Central Asian countries have an efficient system of supervising military storehouses. There were reports that Russian troops, while leaving Germany, put everything on sale, from Kalashnikov assault rifles to tanks and combat helicopters. Russian "peacekeepers" are probably doing the same thing in various regions of the former USSR. And what is the situation in Ukraine?

In January 1992, the Ukrainian Defense Ministry set up a center to organize the sale of military equipment. Profits coming from these operations were to be used to improve servicemen's social and housing conditions and create workplaces for discharged officers. It was planned to establish a special bank later, to take care of the earnings. An analogous center set up by the Carpathian Military District, for example, concluded a contract to sell equipment produced by a defense company. In addition to the equipment, the center also sold outdated light weapons, ammunition, and precious metals.

It was envisioned that the Defense Ministry center would set prices for goods based on their condition and competitiveness. The money was to be divided in the following way: 80 percent of the profits were to be handed over to the Defense Ministry Financial Directorate and the Fund for Social Protection of Servicemen, the commercial center was to receive 10 percent, and 10 percent was to be handed over to subunits supplying weapons and equipment.

At the beginning of 1993, the Ukrainian Cabinet of Ministers set up a special commission for supervising imports and exports of military products and technologies. The then deputy prime minister and chairman of the Ukrainian Union of Industrialists and Entrepreneurs, Vasyl Yevtukhov, became commission chairman. The commission received the exclusive right to issue export and import licenses. According to a government resolution, any information on exports of military products is secret.

Ukraine has repeatedly rejected accusations of illegal exports of weapons to Yugoslavia or, for example, Albania. Kiev has also refuted allegations that South Africa received from Ukraine MiG-29 planes and modern radar systems (although Ukraine does not produce these types of weapons, it might inherit them from the USSR).

Iran is becoming a more and more important importer of Ukrainian weapons. In the spring of 1993, Ukraine sold 50 MiG-29 fighters, 200 tanks, and, what is more important, eight SS-N-22 (Sunburn) supersonic surface anti-ship missile systems to this country. Deployed in Hormuz strait, these missiles can destroy any ship or other target entering the Persian Gulf. Moreover, it takes them as little as 17 seconds to do that. Although Deputy Foreign Minister Borys Tarasyuk denounced reports on the sale of "surface-to-surface" missiles to Iran, he did not deny that brokers sometimes "manage to sell weapons, equipment, or technologies to countries, to which it is prohibited to sell weapons." Additionally, former Foreign Minister Anatoliy Zlenko once announced his decision to supply Iran with spare parts for Soviet military equipment. Ukraine could hardly refuse to do that, since Iran offered oil "at a very tempting price."

Although former Israeli Prime Minister Yitzhaq Shamir has warned Ukraine against selling weapons to Iran, Israel itself has demonstrated its interest in Ukrainian military equipment, and so has France. The three newly established Baltic states, particularly Latvia, have also expressed long-term interest in imports of Ukrainian weapons.

In October 1992, the Indian defense minister visited Ukraine. He held meetings with his Ukrainian counterpart, members of the Parliamentary Defense and Security Commission, Viktor Antonov, minister for conversion of the military-industrial complex, and representatives of the Foreign Ministry. From Ukraine, India received approximately 60 percent of military equipment purchased in the USSR. The visit was thus supposed to confirm both the long-lasting military partnership and permission for Indian officers to study at Ukrainian military academies. Approximately at the same time, the minister for conversion of the military-industrial complex confirmed Ukraine's intention to sell military equipment to India and spare parts to China. Nevertheless, he denounced allegations that the Ukrainian economy would become oriented toward arms trade.

Ukraine has also refuted reports on the sale of the Varyah aircraft carrier to China or France, as well as those claiming that President Kravchuk discussed possibility of selling Ukrainian weapons during his visit to Beijing in October 1992. The president himself was not against expanding military cooperation between the two countries. Among the reasons why "Varyah" was not sold, China's unwillingness to speed up arms race in the Far East and its lack of experience to operate an aircraft carrier have been named. Vladivostok, another unfinished aircraft carrier which was also built at the Mykolayiv shipyard, was scrapped, and the metal was sent to the Azov steel mill. The Mykolayiv shipyard has recently switched to building large multipurpose tankers for export. For example, it is building high-tonnage ships-refrigerators for Greek customers.

The number of cases of weapons and military equipment disappearing from Ukrainian depots is constantly increasing. This has prompted the establishment of the Defense Ministry Main Inspectorate, which comprises lawyers, accountants, and Defense Ministry representatives. This commission will investigate cases of corruption, abuse of office, and other illegal activities by Ukrainian Armed Forces servicemen.

As an example, one can provide the disappearance of 60 "surface-to-air" missiles from a helicopter base near Odessa. There have been reports about garrison and unit commanders selling weapons. Moreover, the weapons have most likely been either shipped abroad or sent to criminals from other CIS countries. In a forest near Mykolayiv, 60 antiaircraft missiles were found. There were no traces indicating how they ended up there. Additionally, Ukrainian border troops are constantly reporting on cases of impounding a great number of weapons, which are arriving in the country from the Caucasus, or are being shipped to East and Central Europe via Ukraine. This situation has been very typical since the establishment of the border between Ukraine and Russia. During 1993, 2,000 firearms and 400,000 bullets were confiscated. In October 1993, a Czech newspaper published report on talks on the sale of old Soviet weapons held in Kiev with IRA members. The report was soon refuted by the Ukrainian Government.

At the beginning of 1992, the Ukrainian leadership accused the Russian Government and the Black Sea Fleet command of selling warships to India, including the Zhdanov cruiser worth $2.2 million. Deliveries were organized by the Moscow-based "Nevikon-Zyuyd" company with the permission from Marshal Shaposhnikov, commander of the CIS Joint Armed Forces. The list of 49 ships put on sale presented by Ukraine confirms that the Russian and CIS military leadership was ready to sell the ships to anybody who had money, even without President Yeltsin's permission.

There are all signs to say that, after reforming its military-industrial complex inherited from the USSR, Ukraine will become an important arms importer. Its military cooperation with Slovakia, China, India, or Iran — to name a few partners of Ukraine — will certainly expand. The considerable amount of weapons, which are still in the country, makes it possible to illegally export them, particularly, given the fact that it is impossible to ensure normal living standards for officers in the current socioeconomic crisis. Plus, Ukraine has become a transshipping point for weapons transported from the Caucasus to Central and East Europe. It is hard for border troops to stem this flux.

Kuchma Decrees Duty Labels for Transit Shipments

LD1707144595 Kiev Radio Ukraine World Service in Ukrainian 1200 GMT 17 Jul 95

[FBIS Translated Text] The Ukrainian president has issued a decree on measures to ensure control over the transit of goods through Ukrainian territory. The decree introduces identification of goods shipped through Ukrainian territory subject to Ukrainian excise duty. They will be marked by transit labels carrying the identification number.

International Management Over Odessa Free Trade Zones

WS1807075395 Lvov INFOBANK in English 0637 GMT 18 Jul 95

[From the "News Service" feature]

[FBIS Transcribed Text] Odessa — On July 17 a press conference was held marking the completion of work on a project for the creation of three local economic zones in the Odessa Oblast (an export manufacturing zone in the port of Pivdenny, the duty-free Porto-Franko trade zone in the port of Odessa, and a zone based at the Illichivsk fishing port). During the press conference the head of the oblast foreign economic administration, Viktor Lytovchenko, reported that plans have been made to hand the management of these zones over to international stock companies formed by both foreign and domestic businesses. The director of the Yurysprudent firm, Oleksandr Vyshnyakov, explained that national and local governmental agencies will also be able to join these stock companies. The project also provides for a protection mechanism for foreign investments. Even if any changes in legislation with regard to the free zones are made, foreign investors will not lose the level of taxation agreed upon for a period of 15 years.

It is expected that the free economic zones will pay for themselves in 7-8 years. Within the zones businesses will have the right to freely repatriate profits (i.e. to transfer profits to any foreign bank) and will be subject to a free taxation system. In accordance with the latter, businesses working within the zones will not pay taxes on profits, real estate, value added tax or excise taxes. The project outlining the local economic zones has been given to the Cabinet of Ministers for consideration.

Belarus

Joint Belarus-Iranian News Conference Held

*WS1707115495 Minsk BELAPAN in English
0945 GMT 17 Jul 95*

[FBIS Transcribed Text] The official visit of a delegation of the Islamic Republic of Iran, led by the First Vice President Dr Hasan Habibi ended in the signing of a Memorandum of the sitting of the joint Belarusian-Iranian commission on economic cooperation issues. This 8-page document includes the basic directions of the subsequent cooperation between the two countries in industry, agriculture and building material production, as well as envisages military-technical cooperation. As the head of the Belarusian government Mr Mikhail Chyhir pointed out at the concluding press conference, "this is the rarest event that as early as their second meeting two countries find so broad opportunities for cooperation." The Belarusian premier also informed that both parties would like to increase goods turnover to the amount of no less than $20 million over the first fiscal years which started on July 1 and will come to an end on June 30. At the present time, according to Mr Chyhir, a year's goods turnover totals 1.6 million. At the press conference it was pointed out that links between the two states would exceed the limits of buying and selling. A preliminary agreement was reached about the establishment of a number of industrial enterprises and mutual investment. Belarusian-Iranian joint factories will appear above all in machine-building and pulp and paper industry. The parties also considered the point of Iranian participation in the completion of construction of a large cement works at Kastyukovichy. Dr Habibi, assessing the prospects of cooperation, pointed out that "the framework of our interaction may be considerably extended." He informed that the co-chairmen of the joint commission will meet every half-year in order to sum up the work done and outline prospects, and once a year its sittings will be attended by the Belarusian prime minister and the Iranian first vice-president. Not all documents that were expected to be signed during the visit were approved by the two parties. In particular, a draft agreement on the use of road transportation has to be remade. Iran wanted to use Belarusian motor highways for the transportation of its goods to Europe, and it asked for certain privileges. However, according to Mikhail Chyhir, such privileges are given only to those countries of which the territory is used by Belarusian transport companies. The parties also failed to sign an agreement in the field of finance which envisaged the speeding-up of mutual payments and the opening of a branch office of the Iranian export-import bank. That is why part of the Iranian delegation will be left in Minsk for some days to finish off the documents. Touching on the political aspect of cooperation between the two countries Dr Habibi said that since Iran has no common borders with Belarus, "then we cannot have territorial problems. That is why our political cooperation may be developed in the field of solution of international and regional problems." Though the opportunities of military-technical cooperation between Iran and Belarus were stated in the memorandum extremely stingily, a BELAPAN correspondent managed to find out that this cooperation will be developed in two directions: the purchase of military equipment by Iran, and consultations on technological processes for the production of certain kinds of armament. Dr Habibi asked the press to pay attention to a very important detail: Iran intends to buy only defensive arms. That is why such purchases will not break the balance of forces in the Persian Gulf region. The parties studied the possibility of repairing Iran's aircraft at the Belarusian aircraft repair works at Baranavichy. On behalf of the Iranian President Dr Habibi invited President Lukashenka to visit Iran when he thinks best. On the afternoon of July 14 the Iranian delegation left Belarus.

Ukraine's President Kuchma Pays Official Visit

Kuchma: Too Early for Customs Union

*LD1707154295 Kiev UNIAN in Ukrainian
1500 GMT 17 Jul 95*

[FBIS Translated Text] Minsk [no date as received] — Ukrainian President Leonid Kuchma, who arrived in the Belarusian capital today on an official visit, told journalists at the airport there were no border problems between the two countries.

He said: "Ukraine is in favor of a customs union, but it is too early yet. This is not an issue for the present. We would be pleased to establish a border-crossing system so that our citizens would not be inconvenienced, but we are not going to remove the customs barriers."

He recalled that the two countries' European neighbors, Poland, the Czech Republic, and Hungary, have allowed themselves 10 years to form a customs union. Kuchma stressed the need to create a legislative framework and sign a free trade treaty before such a union is established.

Friendship Treaty Signed

*LD1707165095 Minsk Radio Minsk Network
in Belarusian 1600 GMT 17 Jul 95*

[FBIS Translated Text] The main document determining relations between the Republic of Belarus and Ukraine is the Treaty on Friendship, Good-neighborliness, and Cooperation signed today by the presidents of Ukraine and Belarus. The visit to Belarus by the president of Ukraine began with a wreath-laying at the monument on Victory Square. After that there were talks at the government residence. The presidents paid special attention to questions of expanding in-depth cooperation in the commercial and economic sphere and elimination of the aftermath of the accident at Chernobyl nuclear power station.

After that there were talks on an expanded level, which ended with the signing of the major political treaty and a package of bilateral agreements.

Tomorrow, the president of Ukraine will have a meeting with CIS Executive Secretary Ivan Karatchenya, embassy staff, and representatives of the Ukrainian diaspora in our republic. The guest will visit the Minsk Clock works. After that the two heads of state will have a meeting with the heads of industrial enterprises of Belarus that are operating in cooperation with Ukrainian ones.

Communist Leader Asserts Political Affinity With President

WS1807101095 Minsk BTK Television Network in Belarusian 1800 GMT 13 Jul 95

[Video report by S. Dabryyanik and Yu. Sakhadze — correspondents identified by caption]

[FBIS Translated Text] Representatives of the Communist Party of Belarus [PKB] faction [in the new Supreme Soviet] held a news conference today. Our country has again heard that, so to say, there exists such a party. If we recall that following the first democratic elections [as heard], the Communists forecast their victory at the next ones, we can only marvel at their foresight and try to understand the left-wing camp's joy. The new parliament includes 40 deputies of the above-mentioned political affiliation. The Communists hope that following elections in the fall their faction will be enlarged by 40 more parliamentarians. Let us restrain ourselves from sharing this hasty optimism, although the last election campaign once again testified to the fact that also in the near future specific voters may be worried about specific achievements, for example, universal equality or managers of collective farms watching over the voting at polling booths. In any case, the PKB parliamentary faction has already matured for passing concrete bills, which, in the opinion of the left-wing movement, should primarily protect the interests of workers.

Let us leave for the moment a vague formulation of urgent tasks [preceding two words in Russian] by the Communists and report on one more direction of their work.

[Begin recording] [Vasil Novikaw, leader of the PKB faction in the Supreme Soviet, identified by caption, in Russian] We were rivals of [Belarusian President] Alyaksandr Lukashenka during the presidential elections, but our programs were similar in many aspects. Alyaksandr Lukashenka came to his presidency under socialist slogans. I have stated in the press on numerous occasions that we hold different views of the state system in Belarus, but, under given circumstances, as my respected colleagues have said, while not identifying myself with the president, who claims that he is dissociating himself from us.... [pauses and changes thought] Regardless of how he may dissociate himself from us, he will eventually conclude that his only foothold is among the leftist forces, primarily the Communists. I am still convinced of this and I reassert this point once again. [end recording]

Plans To Develop 'National Aviation Industry'

MM1707114795 Moscow RABOCHAYA TRIBUNA in Russian 14 Jul 95 p 3

[Unattributed report: "Belarusian Aircraft Coming"]

[FBIS Translated Text] Moscow — Belarus is planning to create a national aviation industry. The implementation of these plans will be assisted by one of the leading lights of Russian airplane making — the Moscow "OKB Sukhogo" Joint-Stock Company, Vladimir Yakovlev, head of the company's press service, told an ITAR-TASS correspondent.

The idea of creating a Belarusian aircraft industry arose in the course of scientific lectures marking the centenary of the outstanding Soviet aircraft designer Pavel Sukhoy (1895-1975), which were held in his home city of Gomel. They were attended by Belarusian and Russian scientists and also a delegation from the Belarusian Government headed by Belarusian Deputy Premier Vladimir Rusakevich. The idea met with an immediate response from the republic government and was also supported by "OKB Sukhogo" General Designer Mikhail Simonov.

Ministry Views 'Grave Crisis' in Industry

WS1707132795 Minsk BELAPAN in English 1145 GMT 17 Jul 95

[FBIS Transcribed Text] The collegium of the Ministry of Transportation and Supply Lines has considered the results of the activity of transport organisations in the first half-year and urgent measures to lead the branch out of crisis. It was pointed out that the national transport system was in a grave crisis. The scale of transit by rail freightage reduced by 66 percent and road haulage by 72 percent against 1990. During this year's navigation season transit by internal waterways was not practically used. The participants of the sitting spoke in favour of the creation of effective transport systems, integration of the Republic's transport complex into the European and world systems. In this regard specialised programmes for the development of transportation were worked out. Owing to the lack of investments, the realisation of the national programme of the development of passenger transportation has come across great difficulties. The Ministry plans to launch a national programme entitled "Terminal" which envisages the creation of a transport service system taking into consideration the new conditions. The Ministry also started to work out a universal programme for transport development. As it was emphasized at the sitting this programme should be one of the most important state programmes.

Central Banker on Inflation, Monetary Policy

WS1707133895 Minsk SEM DNEY in Russian 8 Jul 95 p 3

[Interview with Belarusian National Bank Chairman Stanislaw Bahdankevich by Mayya Shendrik; place and date not given: "Stanislaw Bahdankevich: 'It Is Unallowable To Put Money-Printing Machines Into Operation....'"]

[FBIS Translated Excerpt] [passage omitted] [Shendrik] You said that the inflation rate over these past months has been constantly decreasing, while the exchange rate of the dollar, as is known, remains still. Is there no contradiction in this?

[Bahdankevich] There is a contradiction. It is based on the low degree of our economy's effectiveness, high costs, labor-intensiveness, etc., as well as on the inability on the part of many managers to work under circumstances of a stable exchange rate. On the other hand, however, this confirms once again that it is more advantageous for Belarusian citizens and every economic entity in Belarus to hold money in Belarusian rubles [BR]; it is advantageous to amass Belarusian rubles and save them. Let us suppose that you have deposited BR1 million in a bank for one month. Under the existing 10-percent interest rate, you will receive BR1.1 million in one month. Your return will be BR100,000, which is equivalent to $9. There is no other currency, in which you can gain such a sum. As a rule, nowhere in the world you can get more than 5 percent in interest per year (let alone per month) for deposits in hard currency.

[Shendrik] Is such a policy toward the Belarusian ruble an attempt to foster confidence among the people in our currency?

[Bahdankevich] I want people to be confident in our currency and to get used to saving money in Belarusian rubles. Particularly since this is very profitable today.

[Shendrik] Possibly, some people lend an ear to the opinions of those economists predicting a rapid jump in the dollar exchange rate....

[Bahdankevich] And what about their predictions for January or February? I assure you that National Bank reserves are sufficient, and there will be no collapse in the next few months. The dollar exchange rate will be stable. Some emergency situation could occur only if a turn was made to an unreasonable policy of increasing the volume of credits. However, neither Bahdankevich nor [Prime Minister] Chyhir will go for this.

[Shendrik] Does this mean that you will not allow the money-printing machine to be put into operation?

[Bahdankevich] Yes. But this does not mean that we are not going to supply money. In the third quarter, we will provide around BR3 trillion in additional money, which will lead to an inflation rate not exceeding 13-14 percent. This is because money — under a correct deposit policy — will be kept in bank deposits instead of "pressing" on the market. We can see this. The money supply in the second quarter amounted to over BR3.3 trillion, but the inflation rate decreased — due to our deposit policy and... poor economy — by no less than 3 percent in June.

[Shendrik] These are your words: "If there is no improvement in the economy, while the exchange rate remains stable, this may lead to a collapse."

[Bahdankevich] I think that we are normal people capable of assessing this extremely critical situation — which has been provoked to a large extent by our own undecidedness in the implementation of reforms — and making correct conclusions. We will surely overcome the economic breakdown, even if with difficulty. I only want my country to improve its situation in a less painful way. To do this, we do not need discussions, but a strong hand to introduce a market. Market means liability. And what about us? Nonpayments today amount to BR30 trillion. Has someone been punished? Has someone gone bankrupt? Is this a market?

[Shendrik] How may the problem of nonpayments be solved?

[Bahdankevich] Many enterprises may be shut down due to the lack of money to purchase raw materials for a subsequent batch of products. It could be even worse. A market means personal liability. As for Belarus, nobody understands what a market is. All blame is put on market-oriented democrats. But the democrats speak not about chaos or anarchy, but about order based on firm discipline and personal liability.

[Shendrik] You are supposedly the only significant market- oriented politician in the country. Are you not afraid of being alone?

[Bahdankevich] As of today, my position is already understood. Regrettably, we have lost several years. There was a time when we were without those BR30 billion. However, all manufacturers were increasing prices, even though they understood that nobody would pay them. This generated inflation. It was necessary to implement an integral market mechanism, which was criticized by many people in Belarus, who did not understand its essence. Today an understanding is developing, but, unfortunately, it is impossible to get back to yesterday.

[Shendrik] Do you not think that a decrease in the rate of inflation is a somewhat artificial phenomenon?

[Bahdankevich] The decrease in the rate of inflation is a result of a tough, but balanced, monetary policy. It is money, credit, and budget policies — with full cooperation between the prime minister and the National Bank head — which secured the decrease in inflation and stabilization of the exchange rate. Inflation will not increase if the money-printing machine is used within reasonable limits. Inflation will be determined, in particular, by liberalization of those tariffs that have not yet been liberalized — I mean tariffs for public utilities and transportation. Our economists can be blamed for not submitting in their time a proposal to the president to strengthen the network of intermediaries. The main thing in socialism is to produce, while in a market economy — to sell. Therefore, intermediaries are very important. As for us, we are trying to liquidate them, to ignore them.

[Shendrik] Certain hopes have recently been pinned on an IMF credit....

[Bahdankevich] As of today, the credit has not been earmarked. There is an agreement in principle on the IMF's readiness to allocate money for us. However, this is possible only under certain conditions.

[Shendrik] What conditions?

[Bahdankevich] We should not grant targeted credits, but hold auctions. Those banks needing money should procure their resources at a market interest rate. The socialist system of allotting credits — I grant credits to everyone I like — should be replaced by a market one — credits are given to those offering the highest interest rate. There is also a number of general economic conditions: We should increase the tariffs for public utilities up to 60 percent of their real value, implement privatization, end arbitrary interference with prices, etc.

[Shendrik] "The State Bank is the main coiner of false money." I have heard that you are the author of this phrase....

[Bahdankevich] Yes, this is my figurative expression. Every time when the bank makes money "out of thin air," it proves to be "false" money. Money is real only when every money supply is secured by a certain amount of high-quality and competitive products, which are in demand.

[Shendrik] You said once that should you leave your state post in Belarus, you would pursue banking in Russia....

[Bahdankevich] Both yesterday and today, as well as tomorrow, I would like to be useful to my country and people, to which I belong. I do not intend to leave Belarus.

[Shendrik] What about your election campaign for the Supreme Soviet?

[Bahdankevich] In my constituency, the elections were invalid. I will perhaps return to this matter in the fall.

Moldova

Snegur: Russians Starting To Fulfill Military Accord

LD1707163495 Moscow INTERFAX in English 1301 GMT 17 Jul 95

[FBIS Transcribed Text] CHISINAU, July 17 (INTERFAX) — Moldovan President Mircea Snegur hailed Monday [17 July] what he called the implementation of an agreement between Chisinau and Moscow on the status of and a withdrawal schedule for Russian troops stationed in Moldova's secessionist Transdniester Region.

The president, at a meeting in Chisinau with Moldovan ambassadors to various countries, said that what he meant was the destruction the Russians have started of their ammunition stockpiles in the Transdniester Region and what he described as good contacts between his government and today's command of the Russian force stationed in the region.

"This is happening despite the existence in Russia of forces that resist that process," Snegur said. "We are pinning our hopes on the real policy of the Russian president, Boris Yeltsin."

Weekly Accuses Snegur of 'Lack of Courage'

AU1707173495 Chisinau BASAPRESS in English
2047 GMT 15 Jul 95

[FBIS Transcribed Text] Chisinau, BASAPRESS, 15/7/1995 — The editor in chief of the weekly PATRIA TANARA (YOUNG FATHERLAND), Nicolae Rosca, resumed criticism at President Snegur, accusing him of inconsistency, "lack of courage and self-esteem" for treating Smirnov during the Tiraspol meeting with the same kindness as he did with Clinton. "After he lost the war he had actually started Snegur began to kneel Moldova before the Dniester Republic," said Rosca, adding Snegur's election "was a collective mistake" that "we should try to fix." Commenting on Snegur's abandoning the PDAM [Democratic Agrarian Party of Moldova], Rosca wrote "it is not quite true to say he was forced to leave the party, but the people from within the party arrived at the conclusion that his presence there does not make the Agrarians' life sweet." Rosca also launched the supposition that the attempt on Nicolae Andronic's life was "a bluff framed to gain political capital and a bodyguard." According to Rosca, another purpose of this attempt was to justify the ouster of some opponents. "They say a blacklist of alleged attackers at the deputy speaker's precious life was compiled. They say this list includes many politicians, state officials, businessmen who, in case this bluff will have a sequel, will be dispelled from Andronic's action range. They all are suspected of being unsympathetic to the triangle Birstein-Andronic-Snegur in which the latter is not the basic side of this geometric and political figure."

Snegur Addresses PRCM Constitution Conference

AU1707173695 Chisinau BASAPRESS in English
2047 GMT 15 Jul 95

[FBIS Transcribed Text] Chisinau, BASAPRESS, 15/7/1995 — A conference for constitution of the Party of Rebirth and Conciliation (PRCM) was held in Chisinau today. The new political party's first congress will be held August 26. The conference attended by over 300 people made a statement that "in Moldova's socio-political and economic life there are trends jeopardizing democratization and economic reforms." According to the statement, "the lack of firmness and inconsistency on behalf of the ruling party in pursuing the reforms, its digression to the left extreme and increased social tension show that there is need in society for a centrist party with a strategy and tactics for civic conciliation based on mutual confidence, rebirth and steady development of Moldova and consolidation of its statehood." The conference favored the constitution of a mass party acting by the principles set forth in the Declaration of Independence and by the results of the March 6, 1994 opinion poll, promoting democratic principles, fostering economic reforms and consolidating centrist forces. In his speech to the audience, President Snegur stated none of the current parties has become a party of the masses and the PRCM should have this end. Snegur said lately certain political parties and decision-makers have attempted to stop economic reforms, which led to modifications in the Land Code, adding private ownership has begun to yield concrete results. Snegur favored optimum conditions for the capital market, open joint-stock companies, modification of the tax system to stimulate producers, banking reformation and investment in new technologies. Referring to spiritual rebirth, the president said the Government and Parliament "gave up many positions held in 1989... We are threatened with a spiritual void greater than the one created for 50 years of Soviet regime." Snegur said after a series of Parliament's and government's decisions the linguistic law was virtually suspended, scientific achievements were denied and "the aberrant idea of a referendum on the correct name of the language" is being promoted. Andrei Vartic, "Alexe Mateyevich" Theater director, favored investments in new technologies and preparation of qualified specialists. He called to abandon the agrarian economic way. "We will obtain nothing if we follow the premier's idea that there are too many qualified specialists in Moldova," said Vartio. In his opinion, "there is a sole way for Moldova's development-the strategy of integration in Europe," but no Moldovan party has this objective which the PRCM has to adopt. Vartio favored tactics based "on European conservative liberalism and social democracy... If we want to be understood it is important for Europe that the strategies and tactics applied be straightforward." The conference appointed a commission to prepare the PRCM constitution congress for August 26.

Deputy Speaker Andronic on PRCM's 'Doctrine'

AU1707180895 Chisinau BASAPRESS in English
2047 GMT 15 Jul 95

[FBIS Transcribed Text] Chisinau, BASAPRESS, 15/7/1995 — The centrist principles as a doctrine of the Moldovan Party for Rebirth and Conciliation (PRCM) means promotion of statehood and independence and not "primitive Moldovanism" so often assigned to the ruling party, stated deputy speaker Nicolae Andronic. Together with 10 deputies, Andronic announced his abandonment of the PDAM [Democratic Agrarian Party of Moldova] yesterday; he is among those who are preparing the PRCM constitution congress.

Andronic told BASAPRESS the PRCM will primarily address economic problems, since the main objectives — the republic's creation and its recognition on international stage — have been achieved. He thinks "only a good economic condition may determine people to support the statehood; a poor economic condition might make them pick up one of the extremes — restoration of the USSR or unification with Romania."

The party will establish the tactics of promoting its doctrine at the first congress, said Andronic, adding the ruling party has not made it clear what way it follows — liberal or social-democratic. "I will insist on the determination of exact tactics at the constitution congress without fearing we could be accused of political plagiarism," said Andronic, adding many Moldovan parties set an absolute monopoly on some methods — "some of them being the most Christian or the most democratic."

Asked if the PRCM will vie with the Agrarians, Andronic said "the competition principle holds true for the economy and politics as well. The keener the competition the better off is a citizen." Andronic rejected accusations that the new party of the 11 Agrarian defectors want to destroy the legislature and initiate government's dismissal. "We are not in opposition to the PDAM," said Andronic, but the intentions to set up an Agrarian-Socialist bloc as a result of "confidential consultations" referred to by Deputy Solonar might cause the new party to be in opposition to the ruling party. He said according to the regulations, the defectors cannot form a new faction in Parliament.

Andronic refused to forecast PDAM's activity, but he said the ruling party will not risk to abandon its principles and initiate an open transformation of the CIS into a sort of Soviet Union as the electorate will sense this trick and will grow aware that "these leaders do not know how to manage and just wait for orders from Moscow."

Asked if the PRCM can be seen as President Snegur's attempt to have a support group to maintain his power, Andronic said it is premature to say who will be the party leader. "Personally, I would opt for the president as the PRCM chairman. It's a normal thing, all the more so as we are doing it openly, unlike others who form a party and declare that they have no leader. All these are political games that we've seen since 1989 onward," said Andronic. Referring to implementation of the party doctrine, he said "the most efficient method is the meetings with people that most parties at power fear." In his opinion, local and parliamentary elections proved 30-40 percent of voters do not participate in elections because of political apathy or dissatisfaction with the existing parties. "We will try to attract on our side those who do not trust these parties by using all legal means, including rallies if Parliament adopts a democratic law on public meetings," said Andronic.

Dniester Parties Urge Restoration of USSR

AU1707194295 Chisinau BASAPRESS in English 2047 GMT 15 Jul 95

[FBIS Transcribed Text] Tiraspol, 15/7/1995 — The Dniester parties and movements of the ruling coalition are openly pleading for the restoration of the ex-USSR. The Union for Defending Dniester headed by Professor Vasiliy Yakovlev has recently changed its name into the Union of Parties and Movements for the Restoration of the Unitary Union State. The Union comprises the Dniester parties that won the local elections in spring. Tiraspol political forces have actively engaged in the Fellow-Countrymen Congress encompassing representatives of the Russian-speaking population of the ex-USSR as well as majority ethnic groups of CIS and Baltic states. The Dniester and Abkhazian delegations to the Fellow-Countrymen Congress called on the Dniester and Abkhazian leaders to conduct a referendum on "restoration of the unitary state and joining of Russia." The Tiraspol branch of the Fellow-Countrymen Union has among its members many Tiraspol officials, including Tiraspol Supreme Soviet chairwoman Ana Volkova. In a commentary made public today, the Tiraspol radio mentioned it is necessary "to hasten the creation of Fellow-Countrymen Union branches in all Dniester towns." According to the commentary, the USSR should begin its restoration by a joining to Russia of all regions where Russians are the majority, with the other republics following later.

Kazakhstan

Poll Indicates Lack of Interest in New Constitution

LD1807082695 Moscow ITAR-TASS in English 0811 GMT 18 Jul 95

[FBIS Transcribed Text] ALMATY, July 18 (ITAR-TASS) - A poll conducted by the KAZAKHSTANSKAYA PRAVDA newspaper suggests that some 50 percent of Kazakhstan's population did not read the new draft constitution which is under national discussion now.

The published draft so far has not reached many far-flung areas of Kazakhstan, although half of the discussion period passed.

Only 14.4 percent of the respondents said they thought the draft constitution could be adopted without changes and amendments.

Some 67 percent think the constitution needs refinement and the rest are undecided.

Some 53 percent of those asked want the constitution to be passed in a national referendum, 21 percent are uncertain and a quarter are against the referendum.

Some said too short time was given for scrutiny of the draft, others were sceptical about the discussion and the referendum, saying that things will work out as decided "at the top level".

Kolpakov on Constitution's Main Principles

954F2785A Almaty VESTI KAZAKHSTANA in Russian 13 Jul 95 p 2

[Interview with Konstantin Kolpakov, candidate of jurisprudence and the president's personal representative in the Supreme Council, by special correspondent Vasiliy Gryaznov; place and date not given: "A Large Step Forward Has Been Taken on the Path of Democratization of Society"]

[FBIS Translated Text] As we know, in order to conduct a comprehensive analysis of the draft of the new constitution, the president of the republic with his decree in May of this year created an expert consultative council, which included eminent legal scholars and instructors and practitioners of the law who have broad knowledge in the area of legislative activity. Among them is a candidate of legal sciences and the president's personal representative on the Supreme Council, who participated in the development of the currently existing constitution, the first one of sovereign Kazakhstan, Konstantin Kolpakov. He discusses the main features of the new document, the difficulties encountered by the developers, and the major principles of the new Basic Law with our correspondent.

[Gryaznov] Konstantin Anatolyevich, many various judgments about the new document are now being expressed in society. In particular, they are saying that there is no need to create a separate new version. After all, the existing constitution was adopted not very long ago and all that is necessary is to make a number of amendments to it. What are the basic differences between the draft being proposed for nationwide discussion and the document that exists and is in effect?

[Kolpakov] The existing constitution is not so bad and nobody ever intended to throw it all away. But for me this is also a personal issue. I have stored in my memory a photographic image of the moment when the president handed me my only state award for participating in its development.

The existing Basic Law is the first constitution of the independent state. And it solved at least three important problems. First, it legitimized Kazakhstan as an independent state in the international community. Second, it legally documented the independent state. And, third, it introduced into our sociopolitical and legal life a number of practical institutions which we had not known theretofore or we had known them in a form warped by socialism.

But this constitution is a true product of its time. We began to write it when the Soviet Union was still in existence. We completed it after we had become an independent state. And in principle it bears all the marks of that difficult time.

Additionally, the first constitution of the independent state largely bears the stamp of its declarative nature. It includes many norms that were very important when the new state was being established on the plane of trying out political and legal institutions, but in its practical application under the conditions of the permanent change in the socioeconomic situation they began to lose their effectiveness.

The second aspect. The existing constitution—and we frequently speak of this—contains many compromises. We were unable to accomplish in it a true and consistent leap into the future. This pertains to many things—a number of rights and freedoms of the citizens, parliament, local government, etc. In particular we did not begin to establish human rights in it but limited ourselves to the rights of the citizens alone. We preserved the existing structure of the Supreme Council, although even at that time the idea of a bicameral parliament was in the air everywhere and was developed enough for us to arm ourselves with it. The constitution contains an idea that was timely at the time but is unacceptable today concerning the fact that the president is the chief of the executive power.

At the same time many issues were not consistently resolved in it. For example, the organization of the judicial power. Although the idea of the consolidation of the courts existed even at that time it was not realized. The government turned out to be truncated and not very understandable with respect to its status.

I am not even speaking about those problems that are becoming especially crucial today. Even without a vote to establish ratings at that time, we understood quite well that it was necessary to resolve, for example, the problem of ownership of the land. After all, that is a vital subject which is being discussed endlessly today. But, unfortunately, at that time we were forced to make compromises, for otherwise the work on the draft would have been dragged out incredibly. And even so the process of preparation lasted two years.

The need for constitutional reform was revealed fairly early after the adoption of the first constitution, and even at that time we saw various versions of corrections and changes. But the more we worked on it, the more clearly we were struck the idea that we needed an entire new document. And here is why.

A kind of chain was formed. For example, it was necessary to reform parliament. But since the parliament was new, it had to have different relations with the government. We are changing the president's status. He should have different relations with the organs of power. We are beginning to change various rights—because they must be brought into line with reality—and the chain of related changes extends here too. And what if we intend to reform the judicial system?

Thus the changes and additions would make up almost 80 percent of the text of the existing constitution. And it would be more expedient just to start a new draft.

And this is the main thing that distinguishes the new draft from the Basic Law we now have. It was drawn up as an actually working document, and we have removed from it all of the determinations, definitions, and concepts which during the two years of enforcement of the constitution were developed into legislation and tested by time, and there is no longer any point in including them in the Basic Law of the state. As a result, the draft has fewer words, it is stricter and simpler, and it has a different purpose—it is intended to be an actually working document which can make it possible to clearly understand and protect our rights and also clearly recognize how the state machine maintained by the taxpayers is organized and operates.

And another peculiarity. We have tried to make the draft constitution not only an actually working document but also a kind of bible of our people's freedom. Thus we have taken a large step forward along the path of democratization of society. And today, regardless of how or by whom we may be accused of not having a democratic draft, these accusations do not hold water. Of course there are shortcomings. But none of us intend to make ourselves out to be the creators of the most perfect constitution in the world.

I repeat once again. Nobody wants to criticize the existing constitution. Moreover, its fundamental democratic spirit and basic principles have been preserved. Look, for example, at the sections pertaining to the rights of the human being and the citizen, the general provisions, and the norms for construction of statehood and you will see that the basic design has been preserved. It is that we want Kazakhstan by constitution to be a democratic, secular, rule-of-law state in which the rights of the human being and the citizen are above all else and which contains an effective state system that is subordinate and obedient to society and serves the society. On this plane the continuity is complete.

[Gryaznov] But still criticism is coming from many sides.

[Kolpakov] We have indeed taken a step forward. But certain mass media and our opponents are focusing attention on the idea that, as they put it, we are saying that the second constitution is better and the seventh will be altogether remarkable....but we must not forget that today we are actually blazing our own trail of constitutional development and, naturally, we are making mistakes, allowing vagueness and deception. But we are overcoming them.

Everything used to be simpler. Compare the constitutions of the USSR and the former Union republics of 1977-1978. They were practically identical documents that were created according to the same rules under strict control and with assistance from the center. But today we are doing everything ourselves. To be sure, both the first and the second times we have been helped by experts and consultants from other states, but the main work was done by our specialists. We are growing, gaining experience, and learning.

[Gryaznov] And in so doing it is necessary to surmount certain difficulties. Which aspects of the work on the draft were, in your opinion, the most difficult?

[Kolpakov] Of course there have been difficulties. Because we had to take into account the real situation that had developed in society and try to evaluate the near and more or less distant future and produce a document that actually works. Consequently, we also had to take foreign experience into account and make it apply to our conditions. Just take any constitutional norm. It cannot be borrowed, say, from the French Constitution and blindly transplanted to our soil. It is necessary to evaluate how it will work here.

Incidentally, we sometimes hear reproaches against us that we have made a compilation of the constitutions of developed countries. But that is not true. We have not taken any constitution as a complete and unconditional model because every country has its own history, traditions, path of development, etc. Therefore every norm had to be analyzed from the standpoint of how it would function here.

It was difficult, especially at first, to determine precisely how many changes would have to be made in the constitution. There were many problems in designing, for example, the section on the human being and the citizen. We did not want to get stuck on the path between our socialist past and our market-driven future. It was necessary to envision the proper social direction of rights and freedoms and at the same time, taking market relations into account, document especially important rights of citizens such as those pertaining to work, health protection, education, and others.

I can say frankly that everything was difficult, there were no easy aspects.

[Gryaznov] This probably includes the interrelations among the three branches of power as well. The system of checks and balances was not sufficiently developed in the existing constitution, and this is evoking serious discussions in society, and in the recent past interrelations between the legislative and executive branches of power have frequently become fairly painful. In your opinion, how thoroughly is this problem resolved in the draft of the new constitution?

[Kolpakov] The failure to resolve this issue in the existing constitution was largely to blame for the contradictions in the relations among the organs of power. The principle of checks and balances was only declared and did not thoroughly pervade all the chapters. As a result, the president, for example, in spite of his persistence, was unable to convince the Supreme Council to envision the possibility of early termination of the authority of parliament and also of the head of state. The existing constitution does not contain the proper instruments for influencing the judicial power, as a result of which it has ended up practically uncontrolled, answerable neither to society nor to its elected representatives, and it operates completely independently.

In the new draft we have not only declared this principle but have coordinated it with two others—the principle of unity of state power and the principle of interaction of the powers among themselves. They are very important—we have a large country with various conditions in the regions, and unity of state power is immensely important as is the interaction of powers. To separate them does not mean that one branch should separate itself from the other by a brick wall and absolutely not pay attention to or delve into the problems of the other.

And, the main thing, we have consistently adhered to these principles in all the chapters. Here is a specific example.

According to the draft constitution, the president's status is completely different. He is the head of state, who determines the basic directions of the country's domestic and foreign policy, acts as an arbitrator between the branches of power, and provides for their coordinated interaction and answerability to the people. Therefore the president has in his hands completely specific instruments for influencing them. The head of state, for example, has the authority to tactfully, I would even say politely, intervene in the work of the parliament when this is necessary in the interests of the state. Correspondingly he can also intervene in the work of the executive and judicial powers.

All of these norms are spelled out in detail in the corresponding sections of the draft constitution.

It also spells out clearly the prerogatives of the legislative, executive, and judicial powers. Of course, according to the new constitution the parliament will not have all the levers of influence on the executive power which it did have. And it should not have them. Let us recall that the last Supreme Council utilized them very actively and not always correctly, calling ministers into meetings first with one bit of information and then with another, and this information, as a rule, produced no concrete result. And the reports on the execution of laws generally turned into political actions and twisting of the arms of specific members of the government.

According to the new constitution, none of this should happen, but the parliament has no fewer and no less effective methods of control both over the creation of the government and over its current activity.

But the government will not remain quiet and obedient within the walls of parliament either. It has the right to block discussion of various draft laws execution cannot afford today, to raise the question of parliamentary confidence in the government, etc. The mechanism for exercising these rights is presented fairly thoroughly in the draft constitution.

The judicial power is being subjected to significant reform. In the first place, two important principles will be introduced: that judges will be appointed and may not be replaced. They are called upon to make the process of imposing judicial authority clear and transparent. The currently existing elections of judges at sessions of representative organs or any other means of appointing them are democratic only on the outside. They place this process on a conveyor belt where it is completely impossible to verify the business, professional, and personal qualities of the candidates. Or it is done in the back rooms, secretly, at somebody's request or on their advice and then, if the person turns out to be unscrupulous, it is simply impossible to find the person who recommended him.

Now, according to the draft constitution, two specialized organs will be introduced—the High Judicial Council and the Qualifications Board of Justice. They will include leaders of judicial organs, justice and the procuracy, deputies of parliament, judges, scholars, law instructors, etc. They will conduct the initial weeding out of candidate judges and evaluate their business, professional, and personal qualities. From among those who have passed through this selection process, the candidates for appointment will be chosen.

Thus we have here a mechanism where the two branches of power are united so that the third can be formed under their control and with their mutual consent. And society gains the possibility of controlling its activity.

[Gryaznov] Konstantin Anatolyevich, all the norms included in the draft cannot be discussed in one conversation. But there is one other about which I would like to hear a couple of words. For the first time in the history of Kazakhstan, the new Basic Law will be adopted on a referendum.

[Kolpakov] We intended to adopt the first constitution of independent Kazakhstan with a referendum as well. The president supported this idea at that time but we had to go through a difficult dispute with the then Presidium of the Supreme Council, which refused to let us carry out this idea. The establishment of the Basic Law through the parliament or with the help of any other institutional assemblies always contains the possibility of fundamentally changing the proposed version. The people themselves must adopt such a law. And there are more than enough examples of this in history. Let us recall Russia and other states of the near abroad. A fresh example: Recently Armenia conducted a referendum. And France has adopted its last two constitutions by the method of a nationwide polling. Typically, the states that resort to this most frequently are ones that are either becoming independent or are experiencing certain large changes in their destiny and are radically changing their course and the entire society is being basically reformed. A constitution is a program of life for the people for the immediate period and it must be approved by the people.

Of course this referendum will be more difficult than the preceding one. At that time in the center was an individual about whose political and civic merits nobody had any doubt and whose political and economic policy had been approved.

The situation is different today. The most diverse interests and aspirations of various social strata and groups converge around the Basic Law, so that it will be impossible to satisfy everyone with one best draft.

This is why we must offer for voting a text that has been developed taking public discussion into account. It is being done with this objective.

Our president has a right to be called the author of this constitution. We have worked all along under his leadership, helping him, giving him consultation, preparing various materials, etc. The basic ideas and principles of the constitution were formulated by the president, who is very conversant in them. And if he takes responsibility for placing the draft on a referendum, we can only recognize and value his courage. Only a person who, in Theodore Roosevelt's apt expression, has the courage to accomplish great deeds will never be relegated to a place among those cold and timid souls who have known neither victory or defeat.

History has left us a number of monuments of legal culture and great legal documents. Napoleon's civil code is widely known, although he himself was not an outstanding jurist. But in his day he was able to understand the essence of the problems, to formulate them, and to unite under his leadership a collective of specialists who realized the idea and created the historic legal document. The same thing can be said about de Gaulle's constitution. So we must recognize it as completely normal that in a certain stage of development of one state or another these fundamental documents will be personified in nature.

And the last thing. Neither the president nor his team which helped the chief of state in the work on the constitution ever consoled themselves with the illusion that they would create an eternal and unshakable Basic Law. Even the great T. Jefferson correctly asserted that no society is capable of creating either an eternal constitution or even an eternal law. So new generations will come and, naturally, they will have a different view and a different approach to what must be reflected in the constitution. But we are convinced that as of today and for the fairly distant future, this draft constitution is most fully capable of satisfying the needs of society.

Kyrgyzstan

Reportage on State Visit to Southeast Asia

President Akayev Arrives

LD1707162095 Moscow ITAR-TASS in English 1104 GMT 17 Jul 95

[By Andrey Bychkov]

[FBIS Transcribed Text] JAKARTA, July 17 (ITAR-TASS) — President of Kyrgyzstan Asker Akayev arrived on a state visit to Indonesia today. During their forthcoming talks the leaders of the two countries will discuss mainly issues concerning the development of bilateral economic relations. A number of documents are expected to be signed which will regulate such spheres as foreign trade, capital investments and taxation policy.

Sources did not rule out the possibility of discussions of of international policy problems, including the state of affairs in Bosnia-Herzegovina, Chechnya and other "hot spots" of the world.

Indonesia is the world's largest Moslem country. It takes deep interest in the Central Asian region. Indonesian President Suharto has visited Kazakhstan, Uzbekistan and Turkmenistan earlier this year. Indonesian-Kazakh high-level talks were held in Jakarta last month.

From Jakarta the Kyrgyz President will proceed to Kuala Lumpur (Malaysia) and later to the Philippines.

Tour Itinerary Outlined

LD1707130995 Moscow INTERFAX in English 0951 GMT 17 Jul 95

[FBIS Transcribed Text] BISHKEK, July 17 (INTERFAX) — Kyrgyz President Askar Akayev began a tour of South-East Asia Monday, which will last until July 26.

Head of the international department of the presidential administration, Bakytbek Abdrisayev, has said in an exclusive interview with INTERFAX that during the visits the president plans to visit Indonesia, Malaysia and the Philippines.

On July 17-19 Akayev will visit Indonesia, where he will meet President Suharto and hold a series of business meetings. He is also expected to sign a joint declaration on principles and guidelines of bilateral cooperation, an intergovernmental agreement on trade and economic cooperation, on air transportation and cooperation in the tourism sector, as well as a banking agreement.

On July 19-23 Akayev will visit Malaysia and will meet with the country's leadership. It is expected that agreements on mutual protection of investments, on trade, on economic, scientific and technological cooperation will be signed. It is also expected that Akayev will visit high-tech enterprises in the free economic zone of Penang.

On July 23-25 the Kyrgyz president will visit the Asian Development Bank in Manila, where financial issues will be under discussion. Also expected is the signing of a joint declaration on principles and guidelines of cooperation and the signing of an agreement on trade and economic cooperation. A meeting with the country's leadership is also planned.

According to Abdrisayev, South-East Asia is of big interest for Kyrgyzstan "as a positive example for the region proceeding along the market path and having experience of developing high-tech enterprises." He also said that the first visit to the South East Asia will be aimed at "probing possible directions for economic and business cooperation."

During the visit the Kyrgyz delegation is expected to attract investors for the development of gold and Uranium deposits of the republic.

Akayev's visit to South-East Asia will be the most lengthy one out of all his official visits abroad and will last over a week, said Abdrisayev.

Turkmenistan

Iran Takes Three Years' Gas as Pipeline Payment

MM1407140895 Moscow RABOCHAYA TRIBUNA in Russian 14 Jul 95 p 3

[Unattributed report: "Turkmenistan Will Pay With Gas"]

[FBIS Translated Text] Ashgabat — Turkmen gas will go to Iran through a gas pipeline that the Iranian side has agreed to design and construct. It was noted at a briefing at the Turkmenistan Foreign Ministry that the agreement on the construction of a gas pipeline between Korpedzhe (Turkmenistan) and Kurt-Kui (Iran) [both names as transliterated] was the main document of Turkmenistan President Saparmurat Niyazov's visit to the Islamic Republic of Iran.

As the talks protocol signed by Saparmurat Niyazov and Hashemi-Rafsanjani says, Iran will provide 80 percent of the finance for the construction of the gas pipeline, including the construction of surface facilities in the Korpedzhe field in Turkmenistan. The Iranian side has also agreed to do all the pipeline construction work.

For its part, Turkmenistan has pledged to pay the cost of the pipeline in natural gas, which for three years after the construction work is finished will be supplied free of charge to Iranian territory. The provisional capacity of the future gas pipeline is $8 billion cubic meters per year. Construction is expected to begin this year and end in 1997.

Official Reacts to Russian Disturbance Reports

LD1707180395 Moscow INTERFAX in English 1531 GMT 17 Jul 95

[From the "Presidential Bulletin" feature No. 133 (877): Compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] On July 13 several Russian mass media bodies reported disturbances in Ashkhabad and offered contradictory comments on these events. On Monday First Secretary and Press Attache of the Turkmen embassy in Moscow Kamil Kalandarov sent to INTERFAX an official report on Ashkhabad events of last Wednesday.

In his words, "the Ashkhabad law-enforcement bodies did prevent a hooligan action of about 80 teenagers on July 12. The teenagers in alcoholic and drug intoxication were trying to break the order from 6 a.m. through 7 a.m."

The official embassy representative noted that "as a result of a tough policy of the Turkmen government against drug trafficking and drug abuse, the local drug circles seem to decide on certain politicization in order to improve their position."

"The jobless Amanmuradov brothers, a certain Amanov and Gelenov have been detained. They were the instigators of the anti-public provocation," said the embassy representative.

"All the teenagers detained on July 12 morning have undergone a medical examination which confirmed that 49 of them were drug intoxicated and 22 were drunk. Another five underaged were drug intoxicated as well." In the opinion of the embassy staffer, to say the events have a political hidden motive, one should have a great imagination.

"The instigators of the street action longed to break the stable and tranquil situation in society," concluded Kalandarov.

Azerbaijan

Nagorno-Karabakh Talks Focus on Humanitarian Issues

LD1707194495 Moscow ITAR-TASS in English 1743 GMT 17 Jul 95

[By Sevindzh Abdullayeva and Viktor Shulman]

[FBIS Transcribed Text] BAKU, July 17 (ITAR-TASS) — The Nagorno-Karabakh talks in Yerevan and Hankendi (Stepanakert) focused on humanitarian issues related to the release of Azeri prisoners-of-war and hostages. They also aimed to inform the Armenian side of the OSCE stand on how to speed the negotiating process, the Finnish co-chairman of the OSCE Minsk conference, Heikke Talbitie, told Azeri President Heydar Aliyev on Monday [17 July].

At the talks, we were actively searching for possibilities of advancing in the negotiating process, the Finnish diplomat said. As for the key issues of the peace settlement, they are expected to be addressed at the forthcoming talks for the Armenian-Azerbaijani settlement due to be held in Austria on July 24. On the whole, Talbitie described his trip to Armenia and Nagorno-Karabakh as difficult, but very helpful.

The talks in Yerevan and Hankendi was not an easy one, the Russian co-chairman of the OSCE Minsk Conference, Valentin Lozinskiy, emphasised at the Baku meeting. According to him, it is very difficult to reach a compromise decision. The main thing to do now is to sign as soon as possible a cease-fire agreement, which he said "is lying on the negotiating table" and is favoured by all the conflicting sides. The problem is which of the key issues can be agreed upon at the current stage of talks, he noted.

Turkey Reschedules Loan Repayments

MM1807083695 Moscow IZVESTIYA in Russian 18 Jul 95

[AFI report: "Turkish Loan Extension for Azerbaijan" — from the "Financial IZVESTIYA" section, p i]

[FBIS Translated Text] The Turkish Government has granted concessions to Azerbaijan with regard to repayment of the $250-million loan given to the republic in 1992. The loan repayment schedule has been extended to 1997. Azerbaijan has currently drawn down $60 million — mainly to buy Turkish medicines and foodstuffs. Baku owes $5 million. The Turkish Government-authorized "Eximbank" had suspended payment of the rest of the loan to Azerbaijan owing to the republic's failure to repay this debt.

Turkmenistan Resumes Natural Gas Supply

NC1707154995 Baku AZERTAC in English 1324 GMT 17 Jul 95

[FBIS Transcribed Text] Baku July 17 (AZERTAC)—In July 17 Turkmenistan resumed supplies of its natural gas to Azerbaijan. As it's known, the export of natural gas from Turkmenia was suspended because of the debts of Azerbaijan, which is nowadays liquidated.

According to the correspondent of AZERTAC in 'Azerigas' state company, it is achieved the understanding with the Turkmen Gas Association, according to which the republic will be received 3 mln. [million] cubic metres of gas every day. In due course the volume of its delivery to the republic will be 6 mln. cubic metres. On the whole the Turkmen Gas Association plans to supply Azerbaijan with 800 mln. cubic metres. But it will be possible in case of decision of the [word indistinct] of payment the credits to 'Azerigas' for realization of clearing deliveries of newly got gas.

Azizov Comments on Privatization Plans

954F2791A Baku VYSHKA in Russian 8 Jul 95 p 2

[Article by G. Bezkorovainyn: "Tofik Azizov Does Not Want To Become an Azerbaijani Chubays"]

[FBIS Translated Text] A long discussion is going on about the need to privatize state property. The most contradictory opinions have been expressed and are being expressed about its necessity or superfluousness and about ways and methods of resolving such an important problem. Some call it a panacea for all of today's economic troubles, and others—the usual plundering of the people.

And here Russia is to blame most of all. We have watched voucherization and "privatization" on Russian television and via Russian newspapers and radio. We were convinced it was possible to purchase two Volgas for one voucher, as the authors of the program promised, and yet it is impossible to buy even a box of matches with a voucher—inflation made it an ordinary worthless piece of paper. And it became clear from the speeches of A. Rutskoy and V. Polivanov, who was suddenly removed from the position of chairman of Goskomimushchestvo [State Committee for the Management of State Property], that many enterprises, some seaports, and even whole branches of industry were sold dirt-cheap.

"While developing the privatization program, we carefully studied the experience of Poland, the Czech Republic, and Russia," Tofik Azizov, deputy prime minister of the government and chairman of the

Goskomimushchestvo of Azerbaijan, said at the conference. "Most of all the errors, some simply shocking, that were committed in Russia. For example, foreigners bought up Russia's entire aluminum complex at give-away prices, and now, in order to produce its own aircraft, it is buying from them for hard currency aluminum that is produced in Bratsk!"

The chairman of the Azerbaijan Goskomimushchestvo sees the reason for such an absurd situation (perhaps even concocted) in the fact that no infrastructure for estimating the value of property and for privatization procedure was created beforehand, and it was not clearly established which branches and enterprises would remain with the state. Azerbaijan's privatization program envisions the privatization of 51,000 enterprises up to the year 1997, among which almost 24,000 are small enterprises. The basic branches—oil, petrochemical, aluminum, metallurgical, and a number of others are not subject to privatization.

In connection with the fact that on the day of the news conference T. Azizov and an Azerbaijani delegation consisting, in addition to himself, of the state adviser on economic questions, the minister of finance, and the chairman of the National Bank, were taking off for New York for a final determination of the conditions of IMF technical assistance in the matter of fitting out Goskomimushchestvo with the necessary equipment for the conduct of privatization, T. Azizov was asked about the assistance that foreign specialists were providing in such important work.

"The assistance is significant on questions of demolishing the existing structure," he replied. "As for the post-privatization period, here there are fewer initiatives. Apparently, what is having an effect is the fact that their recommendations in other countries were not always producing the expected result: It is necessary to know local special features thoroughly. Maybe it is something else, I cannot say. But we insisted on retaining two insurance funds in the privatization program."

In reply to other questions, T. Azizov noted particularly that 32 million privatization checks were being issued to the people of the republic, through which 65 percent of state property will be transferred to the people free of charge: There is nothing like this in even one other republic of the former USSR. As for the value of the state property on territories of Azerbaijan that are occupied by the Armenians, this amounts to 0.65 percent of the value of all state property.

The start of privatization is planned for September.

Georgia

More on UN Envoy's Visit To Address Abkhaz Conflict

Official: Ardzinba is 'State Criminal'

LD1707141695 Tbilisi IPRINDA in Russian 1300 GMT 17 Jul 95

[FBIS Translated Text] Tbilisi, 17 Jul — An IPRINDA correspondent has reported that on 17 July, [Georgian Deputy Prime Minister] Tamaz Nadareishvili, the chairman of the Supreme Council of the Autonomous Republic of Abkhazia, met Edouard Brunner, the personal representative of the UN secretary general, at the Georgian Cabinet of Ministers in Tbilisi.

In Nadareishvili's words, the aim of Brunner's visit to Georgia was not clear, because Brunner had just met Abkhaz leader Vladislav Ardzinba, whom Nadareishvili described as a state criminal. Nadareishvili said: "We have come to the following conclusion: We do not need either the United Nations, the Organization for Security and Cooperation in Europe, or Russian mediation. If the question of the return of refugees is not decided by the end of the month, all 300,000 of them will advance into Abkhazia."

Brunner responded by saying that, indeed, the United Nations could not promise much and the fact remained that the people of Georgia had suffered defeat in the war. He noted that UN resolutions had recognized Georgia's territorial integrity. Brunner went on to say: "We are trying to get you back to Abkhazia, but in order to do so, a political solution must be found that should also be acceptable for Ardzinba." Brunner also expressed the opinion that it would be impossible to settle the conflict without Russian involvement.

Minister: 'No Perceptible Progress'

LD1707171995 Tbilisi Radio Tbilisi Network in Georgian 1200 GMT 17 Jul 95

[FBIS Translated Excerpt] The visit to Georgia by Edouard Brunner, the personal representative of the UN secretary general, and accompanying officials is continuing. Edouard Brunner met Georgian Foreign Minister Aleksandre Chikvaidze today.

During the meeting, which discussed the settlement of the Abkhaz conflict, the minister noted that, despite all the work carried out by the United Nations, no perceptible progress in the conflict settlement had been achieved. Resolutions were being ignored by the separatists. The timetable for the return of refugees has been frustrated on many occasions as the separatists are doing their best to preserve the status quo.

Edouard Brunner expressed the opinion that the settlement of the Abkhaz conflict depended on three main factors: The preservation of Georgia's territorial integrity, the return of refugees, and the granting of a special status to Abkhazia.

Aleksandre Chikvaidze reminded the guest that, in the course of the talks, Georgia had made many concessions for the sake of the settlement of the conflict, the return of refugees, and the restoration of peaceful life in the region. [passage omitted]

Abkhazia Insists on Equal Rights

LD1707162495 Moscow ITAR-TASS in English 1300 GMT 17 Jul 95

[By Irina Shchegoleva]

[FBIS Transcribed Text] Sochi, July 17 (ITAR-TASS) — Abkhazia is prepared to establish relations with Georgia on the basis of equality, Abkhazian parliament speaker Sokrat Dzhindzholiya said.

Commenting on the results of his talks with U.N. Secretary General Butrus Butrus-Ghali's special envoy Edouard Brunner in Gagra on Sunday, Dzhindzholiya said "the principle of equality is critical to us, because all the rest can be agreed."

He believes that if Georgia and Abkhazia establish a union, they should have equal rights in all spheres. "It is possible that we will be able to reach agreement on joint powers in some spheres, for example foreign policy and customs," Dzhindzholiya said.

The Abkhazian side suggested several changes to the draft agreement which Brunner will take with him to Tbilisi to present to the Georgian authorities. The draft agreement will be later discussed by the two sides at the next round of their talks.

If Georgia does not make any radical changes in it, the two countries will have a good opportunity to establish new bilateral relations with each other.

On Sunday, Brunner met Georgian leader Eduard Shevardnadze to discuss the return of refugees to Abkhazia and ways to settle the Georgian-Abkhazian conflict.

Later in the day, Brunner met Valeriy Vakhashidze, head of the Committee for Refugees and Displaced Persons, and Aleksandr Kavsadze, chairman of the Committee on Human Rights and Inter-Ethnic Relations.

On Saturday, Brunner had talks with Russian Deputy Foreign Minister Aleksandr Chernyshev who was in Tbilisi on a two-day working visit.

Regular Weekly Interview With Shevardnadze

LD1707150495 Tbilisi Radio Tbilisi Network in Georgian 0512 GMT 17 Jul 95

[Regular weekly interview with Eduard Shevardnadze, head of state and chairman of the Supreme Council by correspondent Nato Oniani — live]

[FBIS Translated Excerpt] [Oniani] Mr. Shevardnadze, we will start our interview with comments on economics, like we always do. What was remarkable during the past week? Can we say that the process of economic stabilization still continues?

[Shevardnadze] Good morning. The economic developments of the past week show gradual growth of a positive and noticeable trend toward the economic stabilization, the strengthening of discipline in finances and tax collection, and the increase in budget revenues, which resulted from positive shifts under way in the social and political life of the country, active support of international financial bodies, the stricter financial policy, and the improvement in the crime situation. [passage omitted]

Had the economic potential of the country been fully utilized, budget incomes would have been substantially higher. Many registered enterprises do not run and this impedes a further increase in budget incomes. By 1 July 1995, 74,000 enterprises had been registered in the country, of which 36,000, not more, were functioning. Try to picture the situation when all of these are operated, when all of these produce something. Income would double and even treble. Therefore, one of our major tasks is to facilitate the operation of all the enterprises, private as well as state-run. [passage omitted]

There are serious backlogs in the town of Poti. I had a telephone conversation with the new mayor, Nadaraia, yesterday. He pledges that dramatic changes can be expected over the next four to six weeks. [passage omitted]

Privatization of food production and processing facilities belonging to the system of the Ministry of Agriculture and Food Production continues. Out of 240 enterprises of the system, 212 have been privatized, 170 of those have become joint-stock enterprises, 11 have been privatized through competition or auctions, and 25 have been leased. [passage omitted]

This is a brief review of the economic situation.

[Oniani] The international forum of intellectuals "Dialogue of Cultures for Solidarity against Aggression and Irreconcilability" was the past week's major event in the life of the country and Tbilisi in particular. The forum has adopted an appeal to parliament, governments and nongovernmental and religious organizations, which calls for tolerance and struggle for irreconcilability. Apart from the generally great significance of the forum, it can be considered as a sort of protest action, a political action if you will, by intellectuals, although some speakers called for distancing the forum from politics.

There was yet another important event. UNESCO Director General Federico Mayor visited Georgia to attend the forum. A memorandum on cooperation between Georgia and UNESCO has been signed. This will presumably provide Georgian cultural and educational spheres with more opportunities in future. There is also a separate paragraph about the development of the energy [power engineering] system in the memorandum.

[Shevardnadze] I will make only brief comments on the issue because I have already expressed my view with regard to the forum several times. The problem discussed at the forum is very important by itself. The issue is common to all mankind. As you said, this is a dialogue of cultures aimed at surmounting intolerance, irreconcilability, and violence. The fact that Georgia was the initiator of the forum can serve as a claim by our country for a place it deserves within the world community. It is a serious claim. [passage omitted]

[Oniani] Sorry to interrupt you but I would like to say that everyone was happy with how the forum had been organized and how it developed. Everyone has indicated this.

[Shevardnadze] They were extremely satisfied. The gathering of the world's intellectual elite in Tbilisi can be regarded as the recognition of Georgia's culture and science, and its contribution to the development of modern civilization. It is also very significant for us.

The documents adopted by the forum are of great significance. These include an appeal to parliaments and various levels of authorities including heads of states and a target program for the implementation of the ideas expressed during the forum.

But I would regard as even more significant the atmosphere we have just talked about and the mood prevailing among the participants in the forum. It was really amazing. [passage omitted]

Half-starved citizens of our country participated in the dialogue. They are well aware that the higher Georgia is recognized on an international scale, the shorter the path is toward well-being and democracy, toward the restoration of the country's integrity.

Also, yet another point. A warning has been voiced not to rest content because separatism and extremism are extremely dangerous phenomena of the modern world. This warning was mostly heard in speeches by our compatriots but others also mentioned this. Georgia's experience in this respect is also very interesting for many countries and peoples as a bitter lesson.

This is the first instance of Georgia's cooperation with a large international organization in dealing with a global problem like this. This was an action on a real international scale taken in independent Georgia. Considering speeches, interviews, TV appearances, and articles published by Georgian participants of the forum, we can say that we meet the international standards of the level of perception, thinking, and understanding of current problems. [passage omitted]

UNESCO's role is great, indeed. This has already been repeatedly said. I would like to emphasize great efforts made by a now honorable citizen of Georgia, Federico Mayor, in order that the forum could take place in Tbilisi. [passage omitted]

[Oniani] After many a statement made with regard to those notorious 10 billion rubles [allocated by Russia to Abkhazia without consulting the Georgian authorities] a statement by General Yakushev [commander of Russian peacekeeping forces in Abkhazia] was remarkable in many ways — Vladimir Shumeyko, the chairman of Russia's Federation Council visited Georgia last week. Edouard Brunner, personal envoy of UN Secretary General Butrus Butrus-Ghali arrived yesterday. Will these visits have an effect on settling the Abkhazian issue or will all remain unchanged? I would recall your saying that we write and we ourselves read our resolutions.

[Shevardnadze] I would like to say a few words about Shumeyko, who has deeply impressed the Georgian community, the radio listeners would agree, I believe. His all-embracing treatment of problems and an amazing courage when assessing events and individuals are particularly impressive. He is extremely candid, straightforward, and I would say brave when speaking about Georgia, Abkhazia, certain leaders and events. Courage and devotion to the truth when assessing events are the features that modern politicians lack. Let us live from election to election — this mode of conduct is unfortunately common. Let us gain as many votes as possible by any possible means — this is, I regret to say, an incentive for many leaders of the modern world. This, at the first sight democratic standard leads eventually to nostalgia for antidemocratic regimes. Examples of many countries confirm this. We have to raise the truth to the supreme level in politics. In this regard, what Shumeyko has said is highly remarkable for a relatively young political figure and the views he has expressed are more than welcome.

Speaking of Brunner's visit and Gen. Yakushev's statements made during his TV appearances, which you have all seen, I would like to ask your permission to refrain from comment. I am going to have another meeting with the special envoy of the secretary-general, I mean Mr. Brunner, and I believe I will have an opportunity to give a more precise appraisal to the developments.

As for my words that we write and read our resolutions, they are quite appropriate. Everyone should keep in mind that human endurance has its limit, its ultimate point, and after this point, a process, whether spontaneous or managed, will start and that will differ dramatically from what is going on now. There exists a peaceful way and there exists another way. Therefore, all, everyone — I would like to particularly address present leaders of Abkhazia and other who are involved in the process — have to remember that the endurance cannot be boundless.

[Oniani] Finally, a question like this, or rather I would like you to comment on the following. A regular meeting of the "Archevnebi" [elections] Association was held on 14 July. I will read a few excerpts from speeches made there. Levan Giorgadze, the chairman of the association, said that the association was founded with the aim of setting up a normal parliament. An idea has been voiced that it may become necessary to convene a national congress because the present parliament is illegitimate. I have quoted this sentence because certain people, so-called supporters of the former president, have always regarded the [1992] elections as unlawful. But they were honest by not participating in the elections. Yet another point. Jaba Ioseliani has linked the necessity of convening the national congress to the fact that a certain number of parliament deputies intend to call on the parliament to have a criminal case started against Shevardnadze for he, that is you, has violated certain articles of the Constitution, the country is neglected and is going back to a totalitarian regime, the present economy is the economy of violence [dzaladobis ekonomika], the provincial structure of the country is a real feudalism, we have no right not to oppose what is now happening at this historic moment, and so on and so forth. It has also been said that the situation in the country is leading us either toward anarchy or toward bloodshed and, therefore, the soonest possible definition of Georgia's orientation is necessary. Following this, a new political organization was founded yesterday or rather the Mkhedrioni turned to a political organization. It is called the Political Organization Georgia's Mkhedrioni. All this is despite the fact that when the Mkhedrioni was mentioned, we were always told that the Mkhedrioni did not exist any longer and it was the Rescue Corps that existed.

[Shevardnadze] In respect of the claims about the necessity of a national congress, I cannot say how substantial they can be because we advance along the regular path stipulated by the constitutional — our elections were legal and our parliament was elected lawfully — and I am positive that the parliament will be able to adopt a new Constitution. This is the path that will lead us to a new level of democracy. We are having consultative meetings with various parties and factions later today and I would say that the dialogue is being conducted in a normal way. The date, 26 July, — determined for the completion of discussions on the Constitution by parliament — may turn out to be real. If this is the case, we will have a Constitution and we will hold elections within the terms resolved by parliament.

I would advise all not to interfere and meddle in the process so crudely, like a foreign body. Everything should advance in a normal way as a constitutional process is due to advance.

We often hear Batoni [polite form of address] Jaba [Ioseliani's] favorite phrases — I will not allow dictatorship to win; I will do this or that; dictatorship is approaching and so on. God is the witness that given there are people who detest dictatorship and a dictator, I am among those and that I did not spare my life in the struggle against dictatorship. Do not try to intimidate me with these words about approaching dictatorship. There are no grounds for anyone to speak about this in Georgia today. Now that the whole parliament cares about the Constitution, the country can develop in a democratic way.

As for declaring the Mkhedrioni a political force, or a political party — I do not know what was said and I cannot say — or a political organization — I understand that this is the same as a political party — I would like to refrain from commens. Let the citizens of Georgia figure out what this means.

I would like to draw your attention for a couple of minutes to another aspect of this.

I would like to tell the listeners that attacks against criminal elements and criminal associations continue in Georgia. You can recall what happened in Kakheti [eastern Georgia]. Dozens of murderers, robbers, bandits, and all kinds of perpetrators were arrested and brought to Tbilisi and now they are under investigation. [passage omitted]

I feel obliged to tell the listeners, because they must know it, that the police has directed its activities toward the Borjomi ravine [southern Georgia]. You might remember that I have repeatedly voiced my concern over what was happening in Borjomi, especially over the facts of seizing mineral water bottling factories.

The Ministry of Internal Affairs and its department for the fight against organized crime have thoughtfully worked over this issue and revealed an atrocious crime. Two members of the Georgian guard, an employee of the prosecutor's office, and two young ladies were murdered in the office of the manager of a "Borjomi" water bottling factory, which at the same time was the headquarters of the regional branch of the Mkhedrioni, in November 1994. The bodies were taken away and concreted underneath a deserted gas station.

All this was revealed yesterday. The tortured and mutilated bodies, all five, were brought to Tbilisi for forensic examination. The perpetrators have been detained. Among them is the manager of the factory, Kurtanidze, in whose office this happened. The ladies, who washed away the blood and erased all evidence, have also been detained. Altogether 15 people have been detained. This is the group that actually took possession of the factory, became owners of the factory, and it seems that someone interfered in their business. So, these people were killed in a few seconds and then buried. I was told that this action had been planned at these headquarters and implemented there too. It also seems that this was not the only case and neither was this an exception.

I told you about this — I may have anticipated because the television will obviously speak about this and the population will see by themselves who is who and who wants what — and let citizens of Georgia draw their own conclusions. Moreover, we are advancing toward elections.

I believe that we will not be able to look like a normal state unless the whole population rises. There should be no fear. I believe that everyone has managed to notice that the state is capable of fighting. The state, the police, the security service, and the prosecutor's office are capable of fighting and now they need strong support, very strong support. Someone, even Shevardnadze, can be sacrificed for this but we will not permit criminals to enter into politics. We will not stand this any more. It is more than enough for Georgia to have endured suffering after criminals had found their way into politics and into the authorities.

No one should be offended. Whoever loves his country even a little should come to terms with the idea that criminals will not be able to act in lawless abandon and criminals will not be able to rule the country. This must be ruled out. What I am saying now is very important during the preparations for the elections. Money and guns, arms and money must not interfere with the elections. One must vote only for those whom he gives preference to in accordance with his conscience. No pressure, no intimidation, no blackmail or whatever else.

That is why I did not comment on what had happened yesterday when the Mkhedrioni became a political force.

[Oniani] Thank you. You have been listening to Eduard Shevardnadze, the chairman of the Georgian Parliament and head of state.

United Communist Party Leader Views Elections

AU1707134295 Tbilisi THE GEORGIAN TIMES in Russian 30 Jun-6 Jul 95 pp 1, 2

[Report by Mikhail Aydinov, including interview with Panteleimon Georgadze, chairman of the United Communist Party of Georgia, by Mikhail Aydinov; place and date not given: "Panteleimon Georgadze: 'Forward Toward Socialism'"]

[FBIS Translated Text] From THE GEORGIAN TIMES dossier: The United Communist Party of Georgia [UCPG] was created in 1994 with the unification of the Communist Workers Party, the Union of Communists, and the "Stalin" political organization. Party cells have been created in all rayons and towns in Georgia, including Abkhazia and the Tskhinvali region. There are in all 1,416 primary party organizations and 72 district and town committees uniting 152,000 people.

The party's leading bodies are the 19-man Central Committee Bureau, the eight-man Secretariat, and the 23-man Central Auditing Commission.

Its central press organ is KOMUNISTI while 13 towns and rayons publish their own papers.

During the last year, the UCPG has held five plenums. A party delegation has participated in the work of congresses held by Communists in Armenia and Ukraine, a meeting of communist parties from Europe, Asia, and the CIS, and four international practical-scientific conferences entitled "The Fall of the USSR and its influence on the Social Situation of the Soviet People," "Stalin Today," "The Theory of Stable Development and Social Problems," and "The Victory of the Soviet People in the Great Patriotic War and Its Influence on the Course of History." Businesslike ties and cooperation have been established with 21 workers and communist parties on the territory of the former USSR that are united within the Union of Communist Parties.

The basic points in the party's program are as follows: The restoration of government by the people in the form of soviets, the revival of the socialist system, and the extrication of Georgia from the socioeconomic, political, and spiritual crisis. According to the UCPG, it is only this that can guarantee the restoration of the country's integrity, the provision of citizens' rights and freedoms, the resolution of national problems, and the well-being of workers.

In the political sphere: The struggle for the votes of electors, the acquisition of a majority in bodies of state power at every level, the formation of a government of the socialist rebirth of society.

In the sphere of civil liberties and the social protection of workers: The speedy restoration of the card (voucher) system of distributing consumer goods in quantities that are necessary for the health and vital activity of workers for as long as it takes to emerge from the crisis and the restoration of the system of free state health care and housing construction and the right to free housing and education and the right to labor, rest, and pension provision.

In the sphere of the economy: The integration of the financial system within the republic and with CIS states, entry into the ruble zone, the elimination of unemployment, rejection of privatization and a market economy.

In the sphere of national policy, state construction, and international relations: The restoration on a new basis of the Union of Soviet peoples and Soviet states in the form of a voluntary state association that corresponds to the interests of the sovereignty of the states belonging to it.

Our guest today is retired Gen. Panteleimon Georgadze, first secretary of the UCPG Central Committee.

THE GEORGIAN TIMES Preelection Questionnaire:

1. Will parliamentary elections take place this year?
2. What will be the outcome of the elections?
3. What kind of political spectrum is there in Georgia?
4. What kind of electoral law should there be? Can elections be held when there is no constitution?
5. How do you view Georgia in the future? Does this depend on the results of the elections?

[Georgadze] 1. The current head of state has many arguments in favor of not holding elections: The country is fragmented and without a constitution and a law on elections; it is clear that this is not the best time for such a responsible campaign. At the same time, one cannot fail to hold elections. Otherwise, a civil war will be inevitable as there are sufficient illegal armed formations in the republic. We, Georgian Communists, are in favor of elections. It is another matter what kind they will be. I fear we will not be able to avoid altercations. I doubt whether we should count on the masses expressing their will freely. Let us recall at least how the heads of local boards are submissively fulfilling the will of the government, molding "pocket" communists and helping obedient organizations with transport and financing.

2. Sociological polls show that a significant part of society supports the UCPG (according to certain figures, up to 85 percent and up to 98 percent among refugees). We are counting on success but not that being predicted by optimists. Realistic figures would give us 34-35 percent of the votes. However, in order to achieve this, much preparatory work should be done and we should reach every elector. The people should know which of the numerous communist parties (Communist Party, Socialist Workers Party, Party of Bolsheviks, Stalinist Workers Party) they should vote for. [Shevardnadze's] Union of Citizens of Georgia [UCG] will, in all probability, be in second place according to the number of votes gathered at the forthcoming elections, with up to 30 percent, and the National Democrats will be in third place with 25-28 percent. Apollon Silagadze's Party of Social Progress, Elgudzha Kvatadze's "Scientists for Social Justice," and Nodar Chitanava's new party, particularly if they form a single bloc, have a chance of success. I simply do not see any other political forces capable of offering these a real challenge.

3. There are 93 parties in Georgia. The majority of these represent handfuls of people living in the capital. They have no real support in the provinces. In this connection, I recall an anecdote of sorts. I was recently in one of the rayon centers where a representative of the National-Democratic Party [NDP] was speaking as an opponent. I asked him how big the NDP cell was in the region. He confirmed they had seven people. I asked to meet them. We managed to find only two whose contact with the activist was limited to... drinking beer together in the buffet. If we judge political forces according to "color," the Constitutional-Democratic Party, Social-Democratic Party, Republican (not United Republican) Party, Agrarian Party, and the Party of Social Unity and Social Justice are left or left of center. Georgia's tragic situation and the collapse of the economy gives them a certain advantage.

I consider the majority of opposition parties to belong to the center. All of them want to overthrow the current regime. The Communists also are ready to put their name to many of the slogans of, say, Irina Sarishvili [head of the NDP faction in Parliament] and [National Independence Party Chairman] Irakli Tsereteli. We also oppose the division of Georgia, corruption, the lack of law and order, and the cadres policy. At the same time, we do not recognize their nationalist ideologies and isolationist programs.

I consider the UCG, which was created on instructions from above, although it includes many former Communists, to be on the right. Obedient executive power gives the Union strength.

4. It is possible to hold elections without there being a constitution. This is even more convenient for us Communists as, if we are successful in the elections, we will be able to submit our variant. All the drafts submitted so far are characterized by populism and "cabinetism." They are threatened with the common fate of remaining on paper. Until there is stability in the country, society will not feel any real changes.

The elections should be held on a mixed basis — 50-50. Only those parties that have no less than 40,000 members and primary organizations in half of the republic's rayons should be registered.

Skepticism regarding the majority system in our conditions is aroused by the fact that electors will vote for "businessmen," robbers who will provide them with single handouts in the form of humanitarian aid, wages in rubles, or free bus travel. There will be more of such advertising tricks on the eve of the elections.

5. The results of the elections are closely connected with the future of the country. Georgia should choose the path of integration with former Union republics that, like us, have also suffered from the severing of ties. We have one aim — socialism and government by the people. No matter how much fuss is made, capitalism will not take root in Georgia. At the same time, we cannot build socialism ourselves without interacting with the economy of our historic neighbors.

Moreover, in the West, they are beginning to understand the logical necessity of the change of vectors. U.S. Vice President Albert Gore writes in his book "Earth in the Balance": "The imperialist political system is so worn out, rotten, and corrupt that we are not capable of taking even one step forward. We will have to restructure ourselves, which will be much more painful than was the case in the USSR."

The whole world is searching for ways to integrate. Georgia will inevitably also take this road toward integration, but not with the mythical West or the Muslim neighbors of Turkey and Iran; rather, it will integrate with the former Soviet republics. It is only in such a commonwealth on a socialist basis that our homeland will achieve prosperity.

Detention of Kitovani, Others Reviewed

954F2788A Moscow SEGODNYA in Russian 7 Jul 95 p 8

[Article by Revaz Sakevarishvili: "Tengiz Kitovani Remains Under Arrest — Ex-Defense Minister Provides Certain Details of His January March to Abkhazia"]

[FBIS Translated Text] Tbilisi — Several days ago in the Georgian press there appeared an interview with General Tengiz Kitovani, former minister of defense and then leader of the opposition National-Liberation Front of Georgia. Kitovani was arrested during his unsuccessful march to Abkhazia in January of this year. We recall that at the initiative of the National Liberation Front, an "Icarus" column (1,200 people) set out for western Georgia on 13 January. The objective of the march, as explained by its organizers, was "to peacefully enter Abkhaz territory." The column was blocked at the halfway point by forces of the Security Service. Some 400 individuals were arrested at that time, including Tengiz Kitovani, who was accused of creating an illegal armed formation. Many political forces and some in the parliament have long been demanding Kitovani's release, but to date their efforts have been unsuccessful. Nor has the meeting of a parliamentary delegation with the prisoner been of any help. The investigation drags on for unknown reasons. Information recently surfaced to the effect that the case of those arrested will not be examined in a single package, that each individual will instead be judged separately. This will most likely further drag out the investigation.

"Not only the parliament was aware of our planned action," Tengiz Kitovani states in the interview. "All of Georgia knew as well. Only the date remained uncertain to avert possible problems. I spoke about this at that time to Ambassador Kipanidze, Georgia's current ambassador to Russia, and to Deputy Prime Minister Margiani, who is in charge of the military sphere. If right now I were to list the names of all those who supported me, their official positions would probably be endangered. In addition to them, I could cite several members of parliament who were aware of what was going on and who supported us in every possible way," Kitovani stated.

The people detained in this case include one quite extraordinary individual — a certain Valeriy Fisyun, who passes himself off as a personal representative of the Russian president in Krasnodar Kray and has promised to normalize relations between the National Liberation Front and the Russian Supreme Soviet. Several days ago the Georgian Procuracy received an official letter from their Russian colleagues stating that a case was in the works in the Anapa Interdistrict Procuracy of Krasnodar

Kray in which Fisyun was accused of having committed lecherous acts with minors on many occasions during the course of 1993-1994 in Anapa. Following the institution of criminal proceedings, Fisyun went into hiding. An inquiry was initiated in this regard, and on 28 July 1994 the Anapa District Procurator ordered his detention under guard.

Professor Irakliy Surguladze is also among the prisoners. A society for the defense of his rights was recently established. Prominent figures of science and culture have joined this society and demanded he be released on bail.

Dzhaba Ioseliani, Kitovani's military comrade-in-arms, has not remained on the sidelines with respect to these events. "I will do everything possible to assist in Kitovani's release, but of course I will act exclusively within the framework of the law," he stated. Today, however, everything remains the way it was — Kitovani's cell is under special surveillance, the prison is guarded by four tanks, and each new demand to release the prisoner only leads to an increase in the number of his guards.

Defense Minister Departs for Moscow Visit

LD1707174595 Tbilisi CONTACT INFORMATION AGENCY in Russian 1530 GMT 17 Jul 95

[FBIS Translated Text] Tbilisi — Today, Defense Minister Lieutenant General Vardiko Nadibaidze left for Moscow on a working visit. During meetings between the Georgian defense minister and his Russian colleagues, he will discuss aspects of deepening and developing cooperation in the military area between the two states.

Latvia

Swedish Foreign Minister Holds News Conference

WS1407141295 Riga LETA in English
0955 GMT 14 Jul 95

[FBIS Transcribed Text] Riga, July 14 LETA — "My visit to Latvia reaffirms the close and excellent relationship between our countries," said Ms. Lena Hjelm-Wallen, the Swedish Minister of Foreign Affairs, at a press conference in Riga on Thursday, July 13. Ms. Hjelm-Wallen said that she is satisfied with the way Latvia prepared to become an associate member of the EU and she hopes Latvia will soon join the EU as a full member. She promised that Sweden would support Latvia in this effort.

The Swedish Minister of Foreign Affairs informed the press in Latvia that her discussions with Latvian leaders had been about expanding trade between the two nations, crime control, and the problem of illegal migrants. She promised Swedish aid to help the work of the Latvian border guards, customs officials, and police. During her visit agreements have been reached on introducing computer technology into the law enforcement agencies of Latvia as well as the unemployment service, health care services, and environmental protection agencies.

The Minister of Foreign Affairs of Latvia, Valdis Birkavs, informed the press that Latvia has asked Sweden to support the ratification of the treaty signed by Latvia with the EU. Latvia has also asked Sweden to urge the EU to look at Latvia's application for full membership at the time when the membership of Cyprus and Malta are considered. Mr. Birkavs noted that discussions on cooperation between the Defense Ministries, civil defense structures, and law enforcement agencies of both countries were successful, and a Nordic Nations Police Academy will start work in the Baltics this fall.

In case of a military conflict which threatens Latvia, Ms. Hjelm-Wallen said that Sweden would be prepared to supply general aid to Latvia. She ruled out the possibility that Sweden would engage in military conflict to aid Latvia, saying that there are other means at Sweden's disposal.

The President of Latvia, Guntis Ulmanis, received the Foreign Affairs Minister of Sweden on Thursday. During the meeting, the Swedish Minister of Foreign Affairs, Lena Hjelm-Wallen, noted that while Sweden would not commit her military to aid her neighbors in case of armed aggression, Sweden would not refuse aid before such a conflict takes place. On the question of Latvia's security, the possibility of NATO membership was also discussed.

As part of the visit, Ms. Hjelm-Wallen, had a meeting with the Chairman of the Saeima (parliament) of Latvia, Anatolijs Gorbunovs. The discussions centered on the economy, the banking crisis, and the political situation in Latvia. On the political front, Mr. Gorbunovs had expressed the thought that after the fall elections, Latvia will continue its reform and political stability will be maintained because the main political forces in Latvia are prepared to continue the policies of the present government without drastic changes. Talking about relations with Russia, Mr. Gorbunovs noted that there are no unresolvable problems between Latvia and Russia although the level of mutual mistrust is apparent.

Banking Institutions Refute 'Groundless' Rumors

WS1807141795 Tallinn BNS in English
1000 GMT 18 Jul 95

[FBIS Transcribed Text] Riga, Jul 18, BNS — The common statement, issued by the Bank of Latvia and the Association of Latvian Commercial Banks says that the Latvian banking system has lately been under increased interest of the society, and many discussions on its development prospects as well as situation of separate banks have been held.

The public interest is logical and understandable, but, with the help of yet-unclarified sources, rumours about insolvency or possible financial collapse of several largest Latvia's commercial banks have been purposefully spread over the last months, says the announcement.

Especially in the latest couple of days, some unidentified persons, naming themselves as employees of the Bank of Latvia, the Finance Ministry and commercial banks, have called different organizations and firms warning them about bankruptcy of the largest Latvian commercial banks as well as advised them to immediately close accounts and withdraw money from these banks.

According to the announcement, these banks' clients and depositors get nervous and lose trust in them. These processes are promoting instability of the commercial banks' activities, are disturbing them and are hampering effective circulation of financial resources.

The Bank of Latvia and the Association of Latvian Commercial Banks are officially announcing in their release that these rumours are groundless and they are aimed at damaging the prestige of commercial banks even more at the same time deepening the financial crisis in the state.

The Bank of Latvia and the Association of Latvian Commercial Banks express hope that the respective state institutions will find those who are creating the panic. They are also calling leaders of organiations and firms as well as depositors not to become victims of a deliberately provoked panic.

The announcement has been signed by the Bank of Latvia President Einars Repse and the president of the Association of Latvian Commercial Banks, Teodors Tverijonas.

IMF Credits To Be Used for Bank's Frozen Accounts

WS1807091495 Tallinn BNS in English
1656 GMT 17 Jul 95

[FBIS Transcribed Text] Riga, Jul 17, BNS — Legal entities, whose accounts have been frozen in the Baltija Bank, will be offered credits on eased terms from financial resources of the International Monetary Fund, says the draft resolution which was approved Monday [17 July] for government consideration by the Latvian Cabinet's Economics and Finance Committee.

According to the project, the loan will be serviced by the joint stock company Latvian Universal Bank (Unibank). The credit interest is planned to equal Bank of Latvia's determined refinancing rate, which is 26.5 percent a year at the moment, plus the Unibank's determined servicing rate. The total volume of the loan will constitute 10 million lats.

Firms will have to submit applications for credit receiving to the Unibank until Sep. 1, and they will be granted against a guarantee or mortgage for a time period up to one year.

TPA To Run Separate List in Parliamentary Elections

WS1807085195 Tallinn BNS in English
1549 GMT 17 Jul 95

[FBIS Transcribed Text] Riga, Jul 17, BNS — The Political Union of Economists (TPA) will have a separate list of deputy candidates running for the 6th Saeima (parliament) elections, TPA party Chairman Edvins Kide said Monday [17 July] at a press conference.

TPA has taken such a decision because the Democratic Party "Saimnieks" (Master), with which a TPA congress had confirmed a pre-election coalition, put forward demands unacceptable for TPA: it gave TPA only 10 places in the list of coalition deputy candidates as well as proposed a merger before the 6th Saeima elections.

TPA thinks that the merger of TPA and Master would create an unpredictable situation in the state as the coalition with the Latvia's Way party would have to be broken. TPA Saeima faction deputy Vilnis Edvins Bresis said that TPA cannot sacrifice political stability for the sake of the parties' interests. In addition, if the coalition agreement with the Latvia's Way was broken, an impression would be created that TPA is an unreliable coalition partner.

TPA does not trust in Master any more therefore talks on after-election coalition with this party will not be continued.

TPA will complete drafting its list of deputy candidates running for this 6th Saeima elections on Jul. 21.

The party is convinced that TPA list will get over the election law's provided five percent barrier of votes. The party has laid the main emphasis in its pre-election program on moving toward a socially oriented market economy.

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